



Entrepreneur Code of the Republic of Kazakhstan

Unofficial translation

The Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V ZRK.

Unofficial translation

Note ILLI!

Procedure for the enactment of this Law see article 324

This Code defines the legal, economic and social conditions and guarantees that ensure the free enterprise in the Republic of Kazakhstan, regulates social relations arising from the interaction of business entities and the state, including government regulation and support for entrepreneurship.

SECTION 1. GENERAL PROVISIONS

Chapter 1. LEGAL PRINCIPLES OF INTERACTION BETWEEN BUSINESS ENTITIES AND STATE

Article 1. Legislation of the Republic of Kazakhstan on entrepreneurship

1. The legislation of the Republic of Kazakhstan on entrepreneurship is based on the Constitution of the Republic of Kazakhstan and consists of this Code and other regulatory legal acts of the Republic of Kazakhstan.

2. Commodity-money and other property relations based on equality of participants, as well as personal non-property relations connected with property, are regulated by the civil legislation of the Republic of Kazakhstan.

3. If an international treaty ratified by the Republic of Kazakhstan establishes rules other than those provided for by this Code, then the rules of the international treaty shall apply.

4. In the event of gaps or inconsistencies found between the laws of the Republic of Kazakhstan on entrepreneurship contained in the regulatory legal acts of the Republic of Kazakhstan, the provisions of this Code shall apply to the provisions of this Code.

5. Features of certain types of entrepreneurship are established by the laws of the Republic of Kazakhstan.

Article 2. The concept of entrepreneurship and the limits of its legal regulation

1. Entrepreneurship is an independent, initiative activities of citizens, oralmans and legal entities aimed at obtaining net income through the use of property, production, sale of goods,

performance of work, provision of services, based on the right of private property (private entrepreneurship) or on the right of economic management or operational management of a state enterprise (state entrepreneurship). Entrepreneurial activities are carried out on behalf of, for risk of, and under the property responsibility of an entrepreneur.

2. Entrepreneurial activities may be limited exclusively by the laws of the Republic of Kazakhstan.

3. State bodies are prohibited to adopt regulatory legal acts establishing the privileged position of individual entrepreneurs.

Article 3. Objectives and principles of interaction between business entities and the state

1. The interaction of business entities and the state is aimed at creation of favorable conditions for development of entrepreneurship and society, encouragement of entrepreneurial initiatives in the Republic of Kazakhstan.

2. The principles of interaction between business entities and the state are:

- 1) legality;
- 2) freedom of entrepreneurship;
- 3) equality of entrepreneurs;
- 4) inviolability of property;
- 5) fair competition;
- 6) balance of consumer, business entities and the state interests;
- 7) transparency of the activities of state bodies and the availability of information;
- 8) effectiveness of state regulation of entrepreneurship;
- 9) improvement of the ability of business entities to independently protect their rights and legitimate interests;
- 10) priority of the prevention of wrong;
- 11) mutual responsibility of business entities and the state;
- 12) freedom from corruption;
- 13) promotion of entrepreneurship, ensuring of its protection and support;
- 14) support of domestic manufacturers of goods, works, services;
- 15) inadmissibility of unlawful state interference in the affairs of entrepreneurs;
- 16) participation of private entrepreneurship in lawmaking;
- 17) promotion of social responsibility of entrepreneurship;
- 18) limited participation of the state in entrepreneurial activities;

Note by the Republican Center for Legal Information!

Subparagraph 19) is put into effect after the enactment of the legislative act on self-regulation in accordance with the Code of the Republic of Kazakhstan dated 29.10.2015 No. 375-V.

19) self-regulation.

Article 4. Legality

1. Entrepreneurs in the course of their entrepreneurial activities, state bodies and officials of state bodies in the process of state regulation of entrepreneurship are obliged to comply with the requirements of the Constitution of the Republic of Kazakhstan, this Code and other regulatory legal acts of the Republic of Kazakhstan.

2. Acts and decisions of state bodies that contradict the Constitution of the Republic of Kazakhstan and the relevant regulatory legal acts of the Republic of Kazakhstan on the content, design and (or) procedures for their adoption are deemed illegal and invalid from the moment of their adoption and are subject to cancellation.

Article 5. Free enterprise

1. Everyone has the right to freedom of entrepreneurial activities, free use of own property for any legitimate entrepreneurial activities.

2. Business entities may carry out any types of entrepreneurial activities not prohibited by the laws of the Republic of Kazakhstan.

Article 6. Equality of entrepreneurs

1. Business entities are equal before the law and the court, regardless of their form of ownership or any other circumstances.

2. Business entities have equal opportunities in the implementation of entrepreneurial activities.

Article 7. Inviolability of property

1. Inviolability of the property of business entities is guaranteed by law.

2. Business entities may own any legally acquired property.

3. Business entities may not be deprived of their property, except as decided by the court. The compulsory alienation of property for state needs in exceptional cases provided for by law may be made on condition of equivalent compensation.

Article 8. Fair competition

1. Activities aimed at restricting or eliminating competition, infringement of the rights and legitimate interests of consumers, and unfair competition are prohibited.

Monopolistic activities are regulated and restricted by law.

2. Antimonopoly regulation is aimed at protection of competition, creation of conditions for the effective functioning of commodity markets, ensuring of the economic space unity, free movement of goods and freedom of economic activities in the Republic of Kazakhstan.

Article 9. Balance of interests of consumers, business entities and the state

1. Forms and means of state regulation of entrepreneurship are introduced in order to ensure adequate level of security of activities or actions (operations), the most effective protection of consumer rights with the minimum reasonably required load on entrepreneurs.

2. In the course of state regulation, the state bodies are not may to require from business entities the submission of documents and (or) additional information not provided for by the regulatory legal acts of the Republic of Kazakhstan.

3. Qualification and licensing requirements shall ensure the minimum necessary set of resources, standards and indicators sufficient for business entities to ensure the required level of safety of the activities, operations or security of the facility.

Article 10. Transparency of government activities and availability of information

1. The activities of state bodies shall be public and open within the limits established by the laws of the Republic of Kazakhstan.

2. State bodies are obliged to ensure the transparency of their decision-making activities affecting the interests of entrepreneurs.

3. Information held by government agencies and necessary for business entities shall be available if its use is not restricted by the laws of the Republic of Kazakhstan. Such information is provided for free of charge, with the exception of cases established by the laws of the Republic of Kazakhstan.

3-1. Private business entities may have a stamp with their name.

Government agencies and financial institutions are prohibited from requesting stamp on documents from legal entities belonging to private entrepreneurs.

4. All procedures and requirements related to the state regulation of entrepreneurship shall contain a clear sense excluding the divergent interpretation.

Footnote. Article 10 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 11. Effectiveness of state regulation of entrepreneurship The effectiveness of state regulation of entrepreneurship is achieved through the introduction of mandatory procedures for its substantiation, coordination and monitoring.

Article 12. Improvement of the business entities ability to independently protect their rights and legitimate interests

1. Business entities may deny the inspection by officials of state control and supervision bodies in cases of their failure to comply with the requirements to inspections established by this Code.

2. In order to protect their rights and legitimate interests in the course of state control and supervision, business entities may involve third parties in the inspection.

Article 13. Priority of prevention of wrong

1. Prevention of offenses and motivation of business entities to comply with the requirements established by the laws of the Republic of Kazakhstan, have priority over the use of measures of state coercion in the process of entrepreneurial activities.

2. Measures of state coercion for an offense committed by an entrepreneur shall fir to its nature and gravity.

Article 14. Mutual responsibility of business entities and the state

1. By issue of a permit, the state confirms that the licensee, the permit holder, provides the second category of minimum safety level in accordance with the objectives of state regulation

2. In the process of state regulation of entrepreneurship, there shall be no obstacles to the implementation of the legitimate activities of business entities by state bodies and their officials.

3. In the process of state regulation of entrepreneurship in the performance of their obligations by business entities or the exercise of the rights granted to them by law, it is assumed that their actions are in good faith.

An entrepreneur is also considered to be bona fide if, when exercising rights, legitimate interests and (or) performance of obligations, he was guided by an official explanation of the state body, given within his competence, fixed in accordance with the legislation of the Republic of Kazakhstan.

Losses caused to an entrepreneur as a result of issuing an act of a state body that does not comply with the legislation of the Republic of Kazakhstan, as well as actions (inaction) of officials of these bodies, shall be reimbursed in the manner prescribed by the civil legislation of the Republic of Kazakhstan.

4. The actual data submitted by business entities on the circumstances considered by the state body are deemed reliable until the court or the state body determines the opposite in accordance with the legislation of the Republic of Kazakhstan.

5. It is prohibited to use the rights provided for by this Code and other regulatory legal acts in contradiction with their goal with the aim of infringing the rights and legitimate interests of other business entities or evading the performance of existing obligations or legal responsibility for actually committed offenses.

Article 15. Freedom from corruption

1. When introducing and implementing state regulation of entrepreneurship, the facts of conflict of interests and selective application of law shall be excluded.

2. In order to limit the contacts of business entities with state bodies in the process of state regulation of entrepreneurship, regulations shall include the application of the "single window" principle, in which all necessary approvals from government bodies shall be obtained by state bodies themselves in the form of interagency cooperation.

3. The abuse of official powers by persons authorized to perform state functions and persons equated to them, exercising business regulation, in order to accept property benefits and advantages shall not be allowed.

Article 16. Stimulation of entrepreneurial activities and ensuring its protection and support

1. In order to stimulate the development of entrepreneurs, the state takes a series of measures aimed at creating favorable legal, economic, social conditions and guarantees for the implementation of entrepreneurial initiatives.

2. Stimulation of entrepreneurial activities are carried out, including through ensuring the protection and support of entrepreneurship.

Article 17. Support for domestic manufacturers of goods, works, services

1. Government agencies and other organizations are taking measures to create an enabling environment to stimulate the development of domestic production of goods, works, and services.

2. In developing and examining draft regulatory legal acts, concluding international treaties of the Republic of Kazakhstan and participating in the decision-making of international organizations in order to increase the competitiveness of domestic goods, works, services, the national interests of the Republic of Kazakhstan are taken into account.

Article 18. Inadmissibility of unlawful state interference in the affairs of entrepreneurs

Unlawful interference by the state in the affairs of entrepreneurs, their associations, as well as the aforementioned associations in the affairs of the state and the assignment of functions of state bodies to them are not allowed.

Article 19. Participation of private business entities in lawmaking

Private business entities participate in the development and examination of draft regulatory legal acts, draft international treaties of the Republic of Kazakhstan, as well as international treaties, the Republic of Kazakhstan intends to become a party to, affecting the interests of entrepreneurs, through the National Chamber of business entities of the Republic of Kazakhstan and expert council on private entrepreneurship (further-expert council).

Footnote. Article 19 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 20. Stimulation of social responsibility of entrepreneurship

The state guarantees and encourages the introduction by business entities of social responsibility in their business activities.

Article 21. Limited state participation in entrepreneurial activities

1. The state participates in entrepreneurial activities within the limits limited by this Code and the laws of the Republic of Kazakhstan.

2. In order to develop private entrepreneurship and competition, the state is taking measures aimed at reducing the state's share in entrepreneurial activities by limiting the creation of state legal entities in the sphere of entrepreneurship, legal entities with state participation in the authorized capital.

Note by the Republican Center for Legal Information!

Article 22 is enacted after the enactment of the law on self-regulation in accordance with the Code of the Republic of Kazakhstan dated 29.10.2015 No. 375-V.

Article 22. Self-regulation

The state creates conditions for the development of self-regulation in entrepreneurial and professional activities by reducing the scope of state regulation based on the minimum need for it.

Chapter 2. BUSINESS ENTITIES AND CONDITIONS FOR THEIR FUNCTIONING

Paragraph 1. General provisions on entrepreneurs

Article 23. Entrepreneurs

1. Business entities are citizens, oralmans and non-state commercial legal entities engaged in entrepreneurial activities (private entrepreneurs), state enterprises (state entrepreneurs).

2. An individual, who is an entrepreneur, shall be registered as an individual entrepreneur in the manner provided for by this Code.

3. A legal entity that is an entrepreneur may be created in the organizational and legal form provided for by the Civil Code of the Republic of Kazakhstan.

Article 24. Categories of entrepreneurs

1. Depending on the average annual number of employees and the average annual income, business entities are divided into the following categories:

small-sized business entities, including micro-business entities;

medium-sized business entities;

large-sized business entities.

2. The assignment of business entities to the categories specified in paragraph 1 of this article is used for the following goals:

state statistics;

provision of state support;

application of other norms of the legislation of the Republic of Kazakhstan.

For state statistics, only the average annual number of employees is used.

For the goal of providing state support and applying other norms of the legislation of the Republic of Kazakhstan, two criteria are used: the average annual number of employees and the average annual income.

The average annual number of employees of business entities is determined taking into account all employees, including employees of branches, representative offices and other separate divisions of this subject, as well as the individual entrepreneur.

The average annual income is the sum of the total annual income or incomes of business entities that apply a special tax regime based on a patent or a simplified declaration in accordance with the tax laws of the Republic of Kazakhstan, divided into three over the past three years.

State support programs for private business entities may provide for other criteria.

3. small-sized business entities are individual business entities without formation of a legal entity and legal entities engaged in entrepreneurship, with an average annual number of employees of no more than one hundred people and an average annual income of no more than three hundred thousand times a monthly calculated indicator established by the law on the republican budget and in effect on January 1 of the corresponding financial year.

Micro business entities are small-sized business entities engaged in private entrepreneurship, with an average annual number of employees of no more than fifteen people or an average annual income of no more than thirty thousand times a monthly calculated indicator established by the law on the republican budget and valid on January 1 of the corresponding financial year.

4. For the goals of state support and the application of other norms of the legislation of the Republic of Kazakhstan, small-sized business entities, including micro-business entities, may not be recognized as individual business entities and legal entities carrying out:

- 1) activities related to the traffic of narcotic drugs, psychotropic substances and precursors ;
- 2) production and (or) wholesale of excisable products;
- 3) grain storage operations at grain gaining stations;
- 4) holding of lotteries
- 5) activities in gambling;
- 6) activities related to the traffic of radioactive materials;
- 7) banking (or certain types of banking operations) and activities in the insurance market (except for the activities of an insurance agent);
- 8) auditing activities;
- 9) professional activities in the securities market;
- 10) activities of credit bureaus;
- 11) security activities;
- 12) activities related to the circulation of civilian and service weapons and their ammunition.

Individual business entities and legal entities carrying out the activities specified in this paragraph refer to medium-sized business entities, and in case of meeting the criteria established by clause 6 of this article, to large-sized business entities.

For private entrepreneurs, in accordance with the tax legislation of the Republic of Kazakhstan, who are payers of gambling business tax, a fixed tax and a single land tax, the criterion on the number of employees is used.

5. The medium-sized business entities are individual business entities and legal entities engaged in business, not related to small- and large-sized business entities in accordance with paragraphs 3 and 6 of this article.

6. The large-sized business entities are individual business entities and legal entities that carry out business and meet one or two of the following criteria: the average annual number

of employees is more than two hundred fifty people and (or) the average annual income over a three-million times a monthly calculated indicator, established by the law on the republican budget and applicable as of January 1 of the relevant financial year.

Article 25. Register of entrepreneurs

1. In order to use data on the categories of entrepreneurs, the authorized business agency keeps a register of entrepreneurs.

2. The register of business entities is an electronic database containing information on the categories of entrepreneurs.

3. Information on the category of business entities is provided for in the form of an electronic certificate to interested parties, including government agencies, for use in their work.

4. The rules for maintaining and using the register of business entities shall be approved by the Government of the Republic of Kazakhstan.

Article 26. Rights of entrepreneurs

1. Private business entities are may to:

1) carry out any types of entrepreneurial activities, to have freedom of access to the markets for goods, works and services, unless otherwise provided for by the laws of the Republic of Kazakhstan;

2) carry out entrepreneurship using hired labor in accordance with the laws of the Republic of Kazakhstan;

3) create branches and representative offices in the manner prescribed by the laws of the Republic of Kazakhstan;

4) independently set prices for manufactured goods, works, services, with the exception of cases established by this Code and the laws of the Republic of Kazakhstan;

5) independently monitor the quality of goods, works and services;

6) carry out foreign economic activities within their legal capacity;

7) establish associations of business entities and participate in them;

8) participate in the work of expert councils through accredited associations of private entrepreneurship entities, the National Chamber of business entities of the Republic of Kazakhstan;

9) apply to law enforcement and other government agencies on matters of bringing to justice those who violated the rights and (or) prevented the realization of the legitimate interests of entrepreneurs;

10) apply to the court, arbitration, the Commissioner for the protection of the rights of business entities of Kazakhstan and other bodies to protect their rights and legitimate interests

;

11) settle the dispute through conciliation procedures;

12) submit for consideration to the authorized body on entrepreneurship proposals on the elimination of the causes and conditions conducive to the non-execution or inadequate execution of regulatory legal acts on the support and protection of entrepreneurship;

13) participate in the implementation of projects in the social, economic and environmental fields as measures of the social responsibility of entrepreneurship;

14) exercise other rights not limited by the laws of the Republic of Kazakhstan.

2. State enterprises shall exercise the rights provided for by this Code, with due regard to their specifics established by the laws of the Republic of Kazakhstan.

Article 27. Obligations of entrepreneurs

Business entities are obliged to:

1) comply with the legislation of the Republic of Kazakhstan, the rights and legitimate interests of individuals and legal entities;

2) ensure the safety and quality of goods, works, services in accordance with the requirements of the legislation of the Republic of Kazakhstan;

3) provide consumers with goods, works, services complete and accurate information about goods, works, services;

4) obtain permits or send notifications to start an activities or action (operation) in accordance with the Law of the Republic of Kazakhstan “On Permits and Notifications”;

5) carry out compulsory insurance of civil liability in cases stipulated by the laws of the Republic of Kazakhstan;

6) preserve nature and to treat natural resources with care;

7) increase the efficiency of use of natural and energy resources and their management in the process of carrying out activities;

8) perform other obligations provided for by this Code and other laws of the Republic of Kazakhstan.

Article 28. Protection of information constituting a trade secret

1. Protection of a trade secret consists in prohibiting the unlawful receipt, dissemination or use of information constituting a trade secret in accordance with this Code and the legislation of the Republic of Kazakhstan.

2. A entrepreneur shall determine the circle of persons who have the right of free access to information constituting a trade secret, and shall take measures to protect its confidentiality.

3. The procedure for classifying information as access categories, conditions for storing and using information constituting a trade secret, are determined by the entrepreneur.

4. Measures taken by an entrepreneur to protect information constituting a trade secret may include:

1) determining the list of information constituting a trade secret;

2) restricting access to trade secrets by establishing a procedure for handling this information and monitoring compliance with such a procedure;

3) records of persons who have obtained access to a trade secret, and (or) persons to whom this information has been provided for or transmitted.

5. Persons who illegally obtained, disclosed and (or) used information constituting a trade secret are obliged to compensate for the damage caused in accordance with the civil legislation of the Republic of Kazakhstan.

6. An entrepreneur or a person authorized by it has the right to demand from its employees a non-disclosure subscription of information constituting a trade secret, and those who carry out its verification shall be warned of liability in accordance with the laws of the Republic of Kazakhstan.

7. The list of information subject to mandatory publication or mandatory notification to the shareholders of the joint stock company, participants of the economic partnership, members of the production cooperative or other specified circle of persons is established by the laws of the Republic of Kazakhstan and the constituent documents of the entrepreneur.

8. Information constituting a trade secret may not be disclosed without the consent of the entrepreneur, with the exception of information on which there is a valid court decision, or other cases established by this Code.

9. State bodies and their officials without the consent of the entrepreneur shall not have the right to distribute and (or) use information that is known to them due to the fulfillment of official (official) obligations, which is a trade secret, except as required by the laws of the Republic of Kazakhstan.

10. An entrepreneur has the right not to provide public authorities and officials in the performance of registration, control and supervisory functions and other actions access to information constituting a trade secret, other than that necessary for the implementation of their functions.

10-1. An entrepreneur that owns, on the right of ownership or other legal basis, a critically important object of information and communication infrastructure, transfers a backup copy of an electronic information resource to a single backup platform for storing electronic information resources in the manner specified by the legislation of the Republic of Kazakhstan, subject to the requirements of the legislation of the Republic of Kazakhstan on national security.

11. State bodies and their officials bear the responsibility established by the laws of the Republic of Kazakhstan for the illegal distribution and (or) use of information constituting a trade secret, and the damage caused to an entrepreneur as a result of such distribution and (or) use is subject to compensation in accordance with civil the legislation of the Republic of Kazakhstan.

12. Generalized information that does not disclose information about the activities of a particular entrepreneur is publicly available.

13. Publicly available information of the entrepreneur includes:

- 1) last name, first name and patronymic (if it is indicated in the identity document) or the name of the individual entrepreneur;
- 2) name and date of registration of the legal entity;
- 3) identification number;
- 4) legal address (location);
- 5) kind of activities;
- 6) surname, name, patronymic (if it is indicated in the identity document) of the manager.

Footnote. Article 28 as amended by the Law of the Republic of Kazakhstan dated 28.12.2017 No. 128-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 29. Primary statistical and administrative data

1. Primary statistical data is submitted by business entities in accordance with the legislation of the Republic of Kazakhstan in state statistics.

The use of primary statistical data by state bodies and the National Bank of the Republic of Kazakhstan in relation to an entrepreneur, including in the exercise of their control and supervisory functions, is not allowed.

2. Forms designed for the collection of administrative data, as well as methods for calculating indicators, shall be coordinated with the authorized body in state statistics in the manner established by the legislation of the Republic of Kazakhstan.

Paragraph 2. Individual entrepreneurs

Article 30. The concept and types of individual entrepreneurship

1. Individual entrepreneurship is an independent, initiative activities of citizens of the Republic of Kazakhstan, oralmans, aimed at obtaining net income, based on the property of individuals themselves and carried out on behalf of individuals, for their risk and under their property liability.

Other individuals are prohibited from individual entrepreneurship.

2. Individual entrepreneurship is carried out in the form of personal or joint entrepreneurship.

Article 31. Personal entrepreneurship

1. Personal entrepreneurship is carried out by one individual independently on the basis of property belonging to him by right of ownership, as well as by virtue of another right allowing use and (or) disposal of property.

2. For the implementation of personal entrepreneurship by an individual married, the consent of the spouse is not required.

3. In cases when an individual uses the common property of spouses to carry out personal entrepreneurship, a notarized consent of the other spouse is required for such use, unless

otherwise provided for by law or the marriage contract or other agreement between the spouses.

4. Personal entrepreneurship can be carried out using the form of a farm.

Article 32. Joint entrepreneurship

1. Joint entrepreneurship is carried out by a group of individuals (individual entrepreneurs) on the basis of property belonging to them on the basis of common property, as well as by virtue of another right allowing for joint use and (or) disposal of property.

2. In a joint entrepreneurship, all transactions related to private entrepreneurship are made, and rights and obligations are acquired and carried out on behalf of all participants in the joint entrepreneurship.

3. Forms of joint entrepreneurship are as follows:

1) spouse entrepreneurship, carried out on the basis of the common joint property of the spouses;

2) family entrepreneurship, carried out on the basis of common joint ownership of a peasant farm or common joint ownership of privatized housing;

3) simple partnership in which private entrepreneurship is carried out on the basis of common shared ownership;

4) other forms in accordance with the laws of the Republic of Kazakhstan.

4. When spouses do business in the business turnover on behalf of the spouses, one of the spouses acts with the consent of the other spouse, which can be confirmed during the registration of an individual entrepreneur or expressed in writing and notarized in cases where the activities of the individual entrepreneur is carried out without state registration.

If one of the spouses does not give his/her consent for the performance of the other spouse in the business turnover on their behalf, it is assumed that the spouse acting in the business circulation performs individual entrepreneurship in the form of personal entrepreneurship.

5. Individual entrepreneurship using the simple partnership form is carried out in accordance with the civil legislation of the Republic of Kazakhstan.

Article 33. Implementation of the activities of individual entrepreneurs under their own names

1. The individual entrepreneur is engaged in entrepreneurial activities, acquires and exercises rights and obligations under his/her own name.

2. If the citizen is an oralman, he/she, when making transactions related to his entrepreneurship activities, shall indicate that he/she acts as an individual entrepreneur.

3. The absence of such indication does not relieve the individual entrepreneur from the risk and responsibility that the individual entrepreneur bears in his obligations.

4. In carrying out his/her activities, an individual entrepreneur has the right to use personal forms of business documentation, stamps, seal, the texts of which must clearly indicate that this person is an individual entrepreneur.

Article 34. Social protection of an individual entrepreneur

The individual entrepreneur has the right to use the social and pension system, social insurance in accordance with the legislation of the Republic of Kazakhstan.

Article 35. State registration of individual entrepreneurs

1. The state registration of individuals engaged in private entrepreneurship without forming a legal entity consists in registration as an individual entrepreneur in the state revenue body at the location declared during state registration as an individual entrepreneur.

2. Individuals are subject to obligatory state registration as an individual entrepreneur if they meet one of the following conditions:

1) use the work of employees on a permanent basis;

2) they gain annual income from private entrepreneurship calculated in accordance with the tax legislation of the Republic of Kazakhstan in the amount exceeding the 12-times minimum wage established by the law on the republican budget and valid as of January 1 of the corresponding financial year.

Note of RCLI!

Part two of Paragraph 2 shall remain in force until 01.01.2024 in accordance with the Law of the Republic of Kazakhstan No. 203-VI dated 26.12.2018.

The activities of listed individual entrepreneurs without state registration shall be prohibited, with the exception of the persons specified in paragraph 3 and 4 of this Article, as well as the cases provided by the tax legislation of the Republic of Kazakhstan.

3. An individual who does not use employees on a permanent basis may work without registration as an individual entrepreneur in the cases of gaining the following incomes established by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code):

1) income subject to taxation at the source of payment;

2) property income;

3) income from sources outside the Republic of Kazakhstan;

4) incomes of domestic workers in accordance with the labor legislation of the Republic of Kazakhstan, gaining income from persons other than tax agents;

5) incomes of citizens of the Republic of Kazakhstan under labor contracts (contracts) and (or) contracts of a civil law nature, concluded with representative offices of a foreign state and consular institutions of a foreign state accredited in the Republic of Kazakhstan other than tax agents;

6) incomes of citizens of the Republic of Kazakhstan under labor agreements (contracts) and (or) civil law contracts concluded with international and state organizations, foreign and Kazakhstan non-governmental public organizations and foundations exempted from the obligation to calculate, withhold and transfer individual income tax at the source of payment in accordance with international treaties ratified by the Republic of Kazakhstan;

7) incomes of resident labor immigrants received (to be received) under employment contracts concluded in accordance with the labor legislation of the Republic of Kazakhstan on the basis of a permit issued to a labor immigrant;

8) income of mediators, with the exception of professional mediators in accordance with the Law of the Republic of Kazakhstan "On Mediation", received from persons other than tax agents;

9) income from a private subsidiary farm, recorded in the household account book in accordance with the legislation of the Republic of Kazakhstan, subject to taxation, for which personal income tax was not withheld at the source of payment due to false information submitted by the individual subsidiary farm to the tax agent.

For the goals of applying this clause, the tax agent is a person defined by the tax legislation of the Republic of Kazakhstan.

Note of RCLI!

Paragraph 4 shall remain in force until 01.01.2024 in accordance with the Law of the Republic of Kazakhstan № 203-VI dated 26.12.2018.

4. An individual recognized in accordance with Article 774 of the Code of the Republic of Kazakhstan "On Taxes and Other Compulsory Payments to the Budget" (Tax Code) as a payer of the single overall payment shall have the right not to be registered as an individual entrepreneur.

Footnote. Article 35 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018); as amended by the Law of the Republic of Kazakhstan No. 203-VI dated 26.12.2018 (shall be enforced from 01.01.2019).

Article 36. The procedure for state registration of individual entrepreneurs

1. For state registration as an individual entrepreneur (joint individual entrepreneurship), an individual (authorized representative of joint individual entrepreneurship) submits directly to the state revenue authority or through the state information system of permits and notifications a form approved by the authorized body in permits and notifications.

In case of registration of joint individual entrepreneurship, an authorized representative of joint individual entrepreneurship provides a power of attorney signed on behalf of all participants of the joint entrepreneurship.

If the applicant has not reached the age of majority, the consent of the legal representatives is attached to the notice, and in the absence of such consent, a copy of the marriage certificate (marriage) or the decision of the guardianship or custody or court decision declaring the minor fully capable.

Reclamation of other documents is prohibited.

2. Persons included in the list of organizations and individuals associated with the financing of terrorism and extremism, in accordance with the legislation of the Republic of Kazakhstan shall not have the right to give notice.

3. The state revenue body shall, within one working day from the date on which the individual submits the documents specified in paragraph 1 of this article, except for the cases when notifications are submitted by the persons specified in paragraph 2 of this article, shall register the individual entrepreneur (joint individual entrepreneurship).

4. When the information specified in the notification is amended, the individual entrepreneur (an authorized representative of the joint individual entrepreneurship) is obliged to report such amendments to the state revenue authority in the form established by this authority.

5. Notification shall be submitted in electronic form via the “electronic government” web portal or on an ad hoc basis on paper.

Footnote. Article 36 as amended by the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be enforced from 01.01.2017); as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018).

Article 37. Certificate of state registration of an individual entrepreneur

Footnote. Article 37 is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be enforced from 01.01.2017).

Article 38. Termination of the activities of an individual entrepreneur

1. The activities of an individual entrepreneur may be terminated voluntarily or by force, as well as in the event of the occurrence of the circumstances provided for by this Code.

On a voluntary basis, the activities of an individual entrepreneur is terminated at any time on the basis of a decision taken independently by an individual entrepreneur in personal entrepreneurship, by all participants jointly in joint entrepreneurship. In this case, the individual entrepreneur submits to the state revenue authority a statement on the termination of entrepreneurial activities.

For voluntary termination of activities, an individual entrepreneur shall submit to the state revenue authority a statement on the termination of entrepreneurial activities.

The decision to terminate the joint entrepreneurship is considered adopted if at least half of its participants voted for it, unless otherwise provided for by agreement between them.

2. By compulsory procedure, the activities of an individual entrepreneur is terminated by a court decision in the following cases:

- 1) recognition of his bankruptcy;
- 2) recognition of the registration of an individual entrepreneur as invalid in connection with the violations of the legislation of the Republic of Kazakhstan admitted during registration, which are intractable in nature;
- 3) carrying out activities with repeated violations of the legislation of the Republic of Kazakhstan during a calendar year or gross violations;
- 4) declaring him/her dead;

Note by the Republican Center for Legal Information!

Subparagraph 5) shall be enforced from 06.02.2016 by the Code of the Republic of Kazakhstan dated 29.10.2015 No. 375-V.

5) including him/her in the list of organizations and individuals associated with the financing of terrorism and extremism, in accordance with the legislation of the Republic of Kazakhstan;

6) recognition of his/her missing;

7) established by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code), providing for the termination of activities under compulsion.

3. The activities of the individual entrepreneur, in addition to the grounds provided for in this article, is also terminated in the following cases:

1) personal entrepreneurship in the recognition of an individual entrepreneur as incapable, partially capable, or his/her death;

2) family entrepreneurship and simple partnership, if as a result of the occurrence of the circumstances listed in subparagraph 1) of this paragraph, there is only one or no participant in the joint entrepreneurship, as well as in the division of property in connection with the dissolution of the marriage;

3) established by the tax legislation of the Republic of Kazakhstan, providing for the termination of activities in a simplified manner.

4. The activities of an individual entrepreneur is deemed to be terminated from the moment of his removal from the register as an individual entrepreneur in the state revenue body on the basis of his application or decision of the court that entered into legal force, as well as in the cases established by paragraph 3 of this article.

An individual entrepreneur is deemed to be de-registered as an individual entrepreneur in the registering authority from the date of posting this information on the Internet resource of the authorized body that manages the provision of tax revenues and other mandatory payments to the budget.

5. When carrying out individual entrepreneurship without registration in established cases, it shall be considered terminated from the date of its actual termination on a voluntary basis or, respectively, from the date the court decision comes into force - under compulsory procedure.

6. For small-sized business entities that do not have unfulfilled obligations and are assigned by state bodies to the category of subjects with low and medium risk, the laws of the Republic of Kazakhstan establish a simplified procedure for reorganization and voluntary liquidation.

Footnote. Article 38 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018).

Article 39. Bankruptcy of an individual entrepreneur

The bankruptcy procedure of an individual entrepreneur is carried out in the manner prescribed by the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

Article 40. Recovery of debts of individual business entities on their property

1. Individual business entities shall be liable for their obligations with all their property, with the exception of property for which a penalty cannot be levied in accordance with the laws of the Republic of Kazakhstan.

2. When carrying out personal entrepreneurship, an individual shall be liable with all his/her property, including shares in the common property of spouses, with the exception of property for which recovery cannot be turned in accordance with the laws of the Republic of Kazakhstan.

Article 41. Definition and forms of farm

1. A farm is a labor association of persons in which the implementation of individual entrepreneurship is inextricably linked with the use of agricultural land for the production of agricultural products, as well as the processing and marketing of these products.

2. A farm may have the form of:

1) peasant economy, in which business activities are carried out in the form of family entrepreneurship, based on the basis of common joint ownership;

2) a farm based on the implementation of personal entrepreneurship;

3) a farm organized in the form of a simple partnership on the basis of common share ownership on the basis of a joint activities agreement.

Article 42. Head and members of a farm

1. The head of a farm can be a capable citizen of the Republic of Kazakhstan, an oralman who has reached eighteen years of age.

2. The members of a farm are spouses, close relatives (parents (parent), children, adoptive parents (adopters), adopted children, full and half siblings, grandparents, grandmothers, grandchildren) and others who jointly keep the household.

Article 43. Rights and obligations of the head and members of the farm

1. The head of a farm has the right to:

1) represent the interests of the farm in relations with individuals and legal entities;

2) carry out civil law transactions not prohibited by the laws of the Republic of Kazakhstan;

3) authorize any of the members of the farm to perform their functions in the event of a long absence;

4) determine the main activities of the farm;

5) approve internal rules, procedures for their adoption and other documents regulating the internal activities of a farm;

6) submit for consideration by the general meeting of members of a farm enterprise the question of the participation of a farm enterprise in the creation and activities of legal entities;

7) exercise other rights provided for by this Code and the laws of the Republic of Kazakhstan.

2. The head of a farm is obliged:

- 1) to organize the maintenance of records and statements of farm enterprises;
- 2) to implement, within its competence, decisions of the general meeting of members of a farm economy that do not contradict the legislation of the Republic of Kazakhstan;
- 3) to create working conditions for members of the farm;
- 4) when accepting employees, conclude labor contracts, issue acts of the employer in accordance with the labor legislation of the Republic of Kazakhstan;
- 5) to perform other obligations provided for by this Code and the laws of the Republic of Kazakhstan.

3. Members of a peasant or farm have the right to:

- 1) voluntarily withdraw from a farm in the manner determined by the general meeting of members of the farm;
- 2) receive information on the activities of a farm enterprise, including familiarizing themselves with the accounting data, financial statements and other documentation of this farm;
- 3) appeal to the general meeting of members of a farm and (or) to state bodies with complaints of unlawful actions (inaction) of the head and other members;
- 4) appeal in court the decisions of the head and the general meeting of members of a farm in case of violation of their rights and legitimate interests;
- 5) exercise other rights stipulated by this Code and the laws of the Republic of Kazakhstan.

4. Members of a farm are obliged:

- 1) to implement the decisions of the general meeting of members of a farm;
- 2) to comply with the requirements of the internal documents of the farm;
- 3) in the event of a change of the head of a farm, by a general statement, notify the authorities that registered the farm;
- 4) to perform other obligations provided for by this Code and the laws of the Republic of Kazakhstan.

Article 44. Peculiarities of the creation of a farm

1. A farm is created on a voluntary basis and is considered to be created from the moment of state registration of the right to a land plot, and in cases established by the laws of the Republic of Kazakhstan, after being registered as an individual entrepreneur.

2. Excluded by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018).

Footnote. Article 44 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018).

Article 45. Farm as a form of economic activities

1. A farm enterprise is an equal production unit of agriculture in the Republic of Kazakhstan.

2. A farm independently determines the area of its activities, the structure and volume of production, grows, processes and sells its products, as well as solves other issues related to the management of the farm.

3. In carrying out its activities, a farm has the right to:

1) open bank accounts and manage its money;

2) receive loans secured by property, land and land use rights in the manner and on the terms established by the legislation of the Republic of Kazakhstan;

3) insure rented and own production facilities, as well as crops (plantings) of agricultural crops, perennial plantings, manufactured products, raw materials, materials in case of death or damage in accordance with the legislation of the Republic of Kazakhstan on insurance and insurance activities;

4) on a voluntary basis, to unite in cooperatives, societies and other associations, participate in the activities of cooperative, economic partnerships and other organizations, as well as at their own discretion, withdraw from any organization.

Article 46. Property of a farm

1. The property of a farm is owned by its members by the right of joint ownership, unless otherwise established by an agreement between them.

The property of the farm, organized in the form of a simple partnership on the basis of a joint venture agreement, belongs to its members by right of joint ownership.

The property of the farm, based on personal entrepreneurship, belongs to him on the right of private property.

2. Members of a farm may own land, plantings on a land plot, including plantations of the private forest fund, wild animals, bred and kept in captivity and (or) semi-free conditions, economic and other buildings, land-improvement and other facilities, productive and working livestock, poultry, agricultural and other machinery and equipment, vehicles, implements and other property handed over to members of a farm and (or) purchased for the farm on the general means of its members.

3. Fruits, products and income derived from activities of a farm are common joint or common share property of members of a farm and are used by agreement between them.

4. Property relations of members of a farm are governed by the relevant rules of civil and land legislation of the Republic of Kazakhstan.

5. Property and the right to a land plot of a farm are inherited in the manner prescribed by the laws of the Republic of Kazakhstan.

Article 47. The provision of land for the farm management

The conditions, procedure for the provision and use of land for the farm management are established by the Land Code of the Republic of Kazakhstan.

Article 48. Conditions of activities of a farm

1. The farm covers its expenses with the income received.
2. Production, commercial and other relations of a farm are carried out on a contractual basis.
3. Citizens working under an employment contract may be involved in the performance of work in a farm enterprise.
4. The procedure for concluding an agreement on employment in a farm is determined by the labor legislation of the Republic of Kazakhstan.
5. Members of a farm enterprise and citizens who work on the farm under an employment contract enjoy all the rights provided for by the laws of the Republic of Kazakhstan.
6. Farm enterprises may use the social and pension insurance system, social insurance in accordance with the legislation of the Republic of Kazakhstan.

Article 49. Termination of the activities of a farm

1. The activities of a farm is terminated if there is not a single member of the farm, a heir or another person willing to continue the farm's activities, as well as in cases of bankruptcy and termination of the right to private ownership of a land plot or land use rights.

2. When ceasing the activities of a farm, the division of joint estate between the participants of joint ownership, as well as the separation of the share of one of them may be carried out, provided for that the share of each participant in the right to the common property is determined in advance.

3. Property in joint ownership may be divided between its participants by agreement between them.

4. The conditions and procedure for the division of property, land and land use rights in case of termination of the activities of a farm are governed by the civil legislation of the Republic of Kazakhstan.

Paragraph 3. Entrepreneurship of legal entities

Article 50. Entrepreneurship of non-state legal entities

1. Entrepreneurship of non-state legal entities may be carried out by creating commercial legal entities pursuing the extraction of income as the main goal of their activities.

2. The organizational and legal forms of non-state commercial legal entities can only be a business partnership, a joint-stock company and a production cooperative.

3. A non-profit organization may engage in entrepreneurial activities only insofar as it corresponds to its statutory goals.

Article 51. Entrepreneurship of state enterprises

1. In order to solve social and economic problems determined by the needs of society and the state, the state creates state enterprises based on the following rights of:

- 1) economic management;
- 2) operational management (state-owned enterprises).

2. A state enterprise on the right of economic management is a commercial organization endowed with state property on the right of economic management and liable for its obligations with all property belonging to it.

3. The state-owned enterprise is a commercial organization endowed with state property on the right of operational management.

Article 52. State registration of legal entities related to entrepreneurs, and accounting registration of their branches and representative offices

1. Legal entities established on the territory of the Republic of Kazakhstan and related to business entities are subject to state registration, regardless of the goal of their creation, the nature and nature of their activities, and the composition of participants (members).

2. Branches and representative offices of legal entities that are business entities located in the territory of the Republic of Kazakhstan shall be subject to registration without acquiring the rights of a legal entity.

3. State registration of legal entities related to business entities, and record registration of their branches and representative offices shall be provided by the State Corporation "Government for Citizens" (registering authority), with the exception of cases provided by the legislative acts of the Republic of Kazakhstan.

4. State registration (re-registration) of business entities - legal entities is carried out in accordance with the legislation of the Republic of Kazakhstan on state registration of legal entities and accounting registration of branches and representative offices.

Footnote. Article 52 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced from 01.07.2019).

Article 53. Reorganization and liquidation of a legal entity that is an entrepreneur

1. Reorganization and liquidation of a legal entity that is an entrepreneur is carried out in accordance with the Civil Code of the Republic of Kazakhstan, taking into account the features established by this Code and the laws of the Republic of Kazakhstan.

2. An entrepreneur shall be declared bankrupt by a court decision on the basis of the application of the debtor or creditor to the court, and in cases provided for by the laws of the Republic of Kazakhstan, and other persons.

3. The procedure for the rehabilitation and bankruptcy of a legal entity is carried out in the manner prescribed by the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy.

Chapter 3. ASSOCIATION OF BUSINESS ENTITIES AND CONDITIONS OF THEIR FUNCTIONING

Article 54. Associations of entrepreneurs

1. An association of business entities is an association (union) created by business entities in order to coordinate their entrepreneurial activities, as well as to represent and protect the common interests of entrepreneurs.

2. Financing of associations of business entities is provided for by voluntary membership fees of business entities and other sources not prohibited by the laws of the Republic of Kazakhstan.

Article 55. Basics of the activities of associations of entrepreneurs

The activities of entrepreneurial associations are based on:

- 1) equality of all entrepreneurs;
- 2) prevention decisions that do not correspond to the main directions of domestic and foreign policy of the state;
- 3) independence, which does not allow the restriction of lawfully carried out activities of associations of entrepreneurs;
- 4) transparency of activities, accountability, responsibility to its members;
- 5) efficiency, consistency and rapidness in decision making and its implementation.

Article 56. National chamber of entrepreneurs of the Republic of Kazakhstan, its goals and objectives

1. The National Chamber of entrepreneurs of the Republic of Kazakhstan (hereinafter - the National Chamber) is a non-profit organization, which is a union of business entities established to ensure favorable legal, economic and social conditions for the implementation of entrepreneurial initiatives and the development of mutually beneficial partnership between the business community and government bodies of the Republic of Kazakhstan, as well as encouragement and support for the activities of associations of individual business entities and (or) legal entities in the form of an association (union) (hereinafter - the association (union)).

2. The goal of the creation of the National Chamber is to form an institutional framework for the growth and further development of entrepreneurship in the Republic of Kazakhstan.

3. The National Chamber goals are the following:

- 1) consolidation of the business community;
- 2) representation, maintenance and protection of the rights and legitimate interests of entrepreneurs;
- 3) the organization of effective interaction between business entities and their associations (unions) with government bodies;
- 4) assistance to the creation of favorable legal, economic and social conditions for the implementation of entrepreneurial initiatives in the Republic of Kazakhstan;
- 5) participation in the process of improving the legislation of the Republic of Kazakhstan, affecting the interests of entrepreneurship;
- 6) other objectives stipulated by the laws of the Republic of Kazakhstan.

Article 57. The National Chamber frame

1. To be recognized by the National Chamber as conforming with the established criteria for representing the interests of business entities in the governing bodies and working bodies of the National Chamber the associations (unions) shall be accredited.

2. The system of the National Chamber includes:

1) at the republican level:

National Chamber;

republican inter-sectoral, industry associations (unions) accredited to the National Chamber, as well as republican associations (unions) of small, medium and (or) large-sized business entities;

2) at the territorial level:

chambers of business entities of oblasts, cities of republican status and the capital (hereinafter - regional chambers);

regional inter-sectoral, regional sectoral associations (unions) accredited in regional chambers, as well as regional associations (unions) of small, medium and (or) large-sized business entities;

accredited in regional chambers regional, cities of regional, republican status and the capital of the association (unions);

regional associations accredited in regional chambers, cities of regional status associations (unions);

3) at the city and district levels:

branches of regional chambers in the regions of the respective oblasts, cities of oblast, cities of republican status and the capital, as well as in the towns of oblast and regional status;

4) legal entities with the participation of the National Chamber as a founder, established to implement the objectives of the Law of the Republic of Kazakhstan "On the National Chamber of business entities of the Republic of Kazakhstan";

5) branches and representative offices of the National Chamber located in a foreign country;

6) Commissioner for protection of the rights of business entities of Kazakhstan.

Article 58. Principles of activities of the National Chamber

1. The activities of the National Chamber are based on the principles of:

1) independence;

2) equality of all entrepreneurs;

3) making decisions that do not contradict the main directions of domestic and foreign policy of the state;

4) transparency of activities, accountability, responsibility to its members;

5) efficiency, consistency and rapidness in decision making and its implementation;

6) the development of intersectoral, sectoral and regional associations (unions);

7) social responsibility of entrepreneurship;

- 8) contributing to ensuring the safety of goods, works and services for human life and health and the environment produced by manufacturers of goods, works and services;
- 9) ensuring a balance of interests of society and entrepreneurship.

Note by the Republican Center for Legal Information!

Paragraph 2 is put into effect after the enactment of the law on self-regulation in accordance with the Code of the Republic of Kazakhstan dated 29.10.2015 No. 375-V.

2. The National Chamber is formed according to the principle of compulsory membership of business entities registered in it (record registration) in accordance with the legislation of the Republic of Kazakhstan, with the exception of business entities for which the legislation of the Republic of Kazakhstan establishes mandatory membership in other non-profit organizations, as well as state enterprises, unless otherwise specified by this clause.

The business entities that are members (participants) of self-regulating organizations in the business sphere based on mandatory membership are subject to the principle of mandatory membership of business entities in the National Chamber.

Article 59. Members of the National Chamber

1. The members of the National Chamber are the entrepreneurs, unless otherwise established by this Code and the Law of the Republic of Kazakhstan "On the National Chamber of business entities of the Republic of Kazakhstan".

2. Members of the National Chamber may:

- 1) enjoy professional support and protection from the National Chamber, as well as the services provided for by its charter;

- 2) elect and be elected to its governing bodies;

- 3) apply to the National Chamber with written inquiries and receive motivated answers within the limits of the powers granted to the National Chamber, make suggestions for improving the organization of its activities;

- 4) participate in the management of the National Chamber in the manner prescribed by the Law of the Republic of Kazakhstan "On the National Chamber of business entities of the Republic of Kazakhstan" and the charter of the National Chamber;

- 5) undergo training, retraining and advanced training organized by the National Chamber;

- 6) receive qualified information and analytical support, including the services of independent experts of various profiles;

- 7) hear reports on the activities of the National Chamber in the manner prescribed by its charter;

- 8) enjoy other rights provided for by the laws of the Republic of Kazakhstan.

3. Members of the National Chamber are required to pay mandatory membership fees.

4. Members of the National Chamber are equal in their rights.

5. The National Chamber shall not have the right to interfere in the activities of entrepreneurs, to violate their rights and legitimate interests.

6. Settlement of disputes is carried out in the manner prescribed by the legislation of the Republic of Kazakhstan.

Article 60. Competence of the National Chamber

The National Chamber performs the functions stipulated by this Code, the Law of the Republic of Kazakhstan "On the National Chamber of business of the Republic of Kazakhstan" and other laws of the Republic of Kazakhstan.

Article 61. Interaction with the Government of the Republic of Kazakhstan, government bodies

1. Government of the Republic of Kazakhstan:

1) approves the limiting amounts of mandatory membership fees;
2) performs other functions assigned to it by the Constitution, this Code, other laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

2. The interaction of the Government of the Republic of Kazakhstan and the National Chamber is aimed at achieving the goal of its creation and objectives.

3. The interaction of the National Chamber with the Government of the Republic of Kazakhstan and government bodies is carried out in the manner prescribed by this Code and other regulatory legal acts, in the form of:

1) participation of the National Chamber in the development and examination of draft regulatory acts affecting the interests of private entrepreneurs;

2) participation of the National Chamber in the development and examination of international treaties to which the Republic of Kazakhstan intends to become a party, as well as draft international treaties of the Republic of Kazakhstan affecting the interests of private entrepreneurs;

3) creation by the National Chamber of consultative and advisory bodies with the participation of central and local government bodies;

4) participation of the National Chamber in the work of the consultative and advisory bodies under the central and local government bodies established on matters affecting the rights and obligations of entrepreneurs;

5) forms aimed at the realization of the goal of creation, objectives and functions of the National Chamber.

4. State bodies are obliged, in the manner prescribed by the legislation of the Republic of Kazakhstan, to provide, at the request of the National Chamber, information concerning the rights and obligations of business entities of the Republic of Kazakhstan, with the exception of information constituting trade, banking and other secrets protected by law.

Note by the Republican Center for Legal Information!

Article 62 is put in force after the enactment of the self-regulation legislative act in accordance with the Code of the Republic of Kazakhstan dated 29.10.2015 No. 375-V.

Article 62. Introduction of self-regulation and its types

In order to create favorable legal and economic conditions in the areas of entrepreneurial and professional activities, self-regulation shall be introduced based on voluntary and compulsory membership (participation) in self-regulating organizations in accordance with the laws of the Republic of Kazakhstan.

In order to introduce self-regulation based on compulsory membership (participation) in a self-regulating organization, the regulatory body in a specific area and interested persons must first conduct a regulatory impact analysis procedure in accordance with Article 83 of this Code.

Footnote. Article 62 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

SECTION 2. INTERACTION BETWEEN BUSINESS ENTITIES AND THE STATE

Chapter 4. Participation of business entities in rule-making

Article 63. Accreditation of associations of private entrepreneurs

Footnote. Article 63 is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 64. Expert council

1. The Expert Council is a consultative and advisory body established under the central state and local executive bodies to organize work on:

developing proposals for improving the activities of state bodies in order to support and protect entrepreneurship, including the elimination of administrative barriers;

developing proposals for improving the legislation of the Republic of Kazakhstan, affecting the interests of entrepreneurship;

obtaining expert opinions from members of expert councils on draft normative legal acts, draft international treaties of the Republic of Kazakhstan, as well as international treaties, to which the Republic of Kazakhstan intends to become a member, affecting the interests of business.

2. The expert councils include representatives of the National Chamber, self-regulatory organizations based on compulsory membership (participation), associations of private business entities and other non-profit organizations, and government bodies.

Expert council meetings are held as needed.

3. Associations of private business entities and other non-commercial organizations attain the status of members of the expert council only from the moment of their accreditation with the central state or local executive body.

4. Form of certificate of accreditation, procedure for accreditation, grounds and procedure for canceling accreditation of associations of private business entities and other non-profit organizations are determined by the Government of the Republic of Kazakhstan.

Certificate of accreditation is issued for a period of three years.

Associations of private business entities accredited more than two times in a row at central state and (or) local executive bodies receive a certificate of accreditation on an unlimited basis.

5. Representatives of members of the expert council, whose powers are confirmed by a power of attorney, take part in the meetings of the expert council.

The composition of expert councils at the central state and local executive bodies is approved by decisions of the heads of these bodies.

6. Draft regulatory legal acts containing state secrets are not subject to review by the expert council.

7. Consideration of the draft regulatory legal act, draft international treaty of the Republic of Kazakhstan, as well as the international treaty to which the Republic of Kazakhstan intends to become a member, is carried out by the members of the expert council without holding a meeting by promptly sending a notice to the members of the expert council of the advisory council of the corresponding project open regulatory legal acts.

The meeting of the expert council is held on the initiative of the members of the expert council. The agenda is considered in the presence of at least two thirds of its members.

At the same time, meetings of the expert council is held by directly convening members of the expert council or by holding videoconferencing or an online conference in real time.

8. For consideration by the expert council, any issue affecting the interests of private entrepreneurship can be submitted if this issue falls within the competence of the relevant central state or local executive body.

9. The model regulation on expert councils is approved by the Government of the Republic of Kazakhstan.

Footnote. Article 64 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 65. Features of the development and adoption of regulatory legal acts affecting the interests of entrepreneurs

1. Central state and local executive bodies notify the expert councils and the National Chamber of the placement of the relevant draft regulatory legal act affecting the interests of business entities on the Internet portal of open regulatory legal acts for obtaining an expert opinion, including each subsequent approval of this project with interested government agencies.

The term established by the central state and local executive bodies for submission of expert opinion on the draft regulatory legal act affecting the interests of business entities may

not be less than ten working days from the date of receipt of the notification to the members of the expert council and to the National Chamber.

The requirement for receiving an expert opinion specified in part one of this Paragraph shall not apply to the projects of regulatory legal acts of central and local executive agencies, as well as akims providing for decisions on establishment (cancellation) of the quarantine zone with the introduction of quarantine regime in the relevant territory, on establishment (release) of quarantine and (or) restrictive measures in cases provided by the legislation of the Republic of Kazakhstan for veterinary medicine, as well as natural and man-made emergencies declaration.

The provisions of this paragraph apply to the concept of draft laws affecting the interests of entrepreneurs.

2. The explanatory note to the draft regulatory legal act affecting the interests of business entities shall contain the results of calculations confirming the reduction and (or) increase in the costs of business entities in connection with the introduction of the regulatory legal act.

3. The requirements provided for by this article and articles 66-68 of this Code are mandatory conditions for the adoption of regulatory legal acts affecting the interests of entrepreneurs.

Footnote. Article 65 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 21.01.2019 No. 217-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 66. Expert opinions on the concepts of draft laws, draft regulatory legal acts affecting the interests of entrepreneurs

1. View of the member of the expert council and the National Chamber expressed in writing, is advisory in nature and is a mandatory appendix to the concept of the draft law, the draft regulatory legal act prior to its adoption, including with each subsequent coordination of this draft with interested government bodies.

Expert opinions are submitted in the Kazakh and Russian languages.

2. Expert opinions shall be submitted to state developers by members of the expert council and the National Chamber within the terms specified by such state bodies, but not less than ten working days from the date of receipt of the notification by a member of the expert council and the National Chamber.

Failure to submit an expert opinion in a timely manner means that the concept of the draft law, the draft regulatory legal act is considered to be agreed by a member of the expert council and the National Chamber without comment.

At the same time, it is prohibited to state bodies to require from state developers to obtain expert opinions from members of the expert council and the National Chamber, who did not submit an expert opinion within the deadlines set in this paragraph.

3. The state developer, in agreement with the expert opinion, makes the appropriate amendments and (or) additions to the concept of the draft law, draft regulatory legal act.

In case of disagreement with the expert opinion, the state developer within ten working days from the date of receipt of the expert opinion shall be sent to the member of the expert council who gave this conclusion and the National Chamber with a justification of the reasons for the disagreement. Such a response is a mandatory appendix to the concept of the draft law, the draft regulatory legal act before its adoption.

Footnote. Article 66 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 67. Publication (distribution) of a draft regulatory legal act affecting the interests of business entities in the media

A draft regulatory legal act affecting the interests of business entities is subject to mandatory publication (distribution) in the media, including Internet resources, before being reviewed by the relevant body, the expert council and the National Chamber.

Footnote. Article 67 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 68. Procedure for the enactment of a regulatory legal act affecting the interests of entrepreneurs

The deadlines for enactment of a regulatory legal act affecting the interests of business entities shall be established on the basis of the time needed by the entrepreneur to prepare for the implementation of activities in connection with the requirements established by the laws of the Republic of Kazakhstan.

The procedure and deadlines for the enactment of regulatory legal acts shall not be detrimental to entrepreneurs.

Article 69. Features of the conclusion of international treaties affecting the interests of private entrepreneurs

When developing and concluding draft international treaties of the Republic of Kazakhstan, as well as international treaties, to which the Republic of Kazakhstan intends to become a party, affecting the interests of private entrepreneurs, the procedure provided for in Articles 65-68 of this Code is applied.

Chapter 5. PUBLIC PRIVATE PARTNERSHIP

Article 70. Definition of public private partnership

Public private partnership is a form of cooperation between a public partner and a private partner, corresponding to the following features:

1) building a relationship between a public partner and a private partner by entering into a public private partnership agreement;

2) medium-term or long-term period for the implementation of a public private partnership project (from three to thirty years, depending on the specifics of a public private partnership project);

3) joint participation of a public partner and a private partner in the implementation of a public private partnership project;

4) pooling the resources of a public partner and a private partner for the implementation of a public private partnership project.

Article 71. Participants of public private partnership

The participants of a public private partnership are the public partner and the private partner, as well as other persons participating in the implementation of the public private partnership project, as provided for by the Law of the Republic of Kazakhstan "On Public Private Partnership".

Article 72. Objects of public private partnership

The objects of public private partnership are property, property complexes, design, construction, creation, reconstruction, modernization and operation of which are carried out as part of a public private partnership project. The objects of public private partnership also include works (services) and innovations to be introduced during the implementation of a public private partnership project.

Article 73. Main objectives and principles of public private partnership

1. The main objectives of public private partnerships are:

1) creation of conditions for effective interaction between the public partner and the private partner in order to ensure sustainable socio-economic development of the Republic of Kazakhstan;

2) attracting investments to the state economy by pooling the resources of a public partner and a private partner for the development of infrastructure and life support systems of the population;

3) increasing the level of availability and quality of goods, works and services, taking into account the interests and needs of the population, as well as other interested parties;

4) increasing the overall innovation activities in the Republic of Kazakhstan, including the promotion of the development of high-tech and knowledge-intensive industries.

2. The principles of public private partnership are:

1) the principle of consistency - the phased construction of relations between the participants of public private partnership;

2) the principle of competitiveness - the definition of a private partner on a competitive basis, with the exception of cases established by the Law of the Republic of Kazakhstan "On public private partnership";

3) the principle of balance - a mutually beneficial distribution of obligations, guarantees, risks and revenues between a public partner and a private partner in the process of implementing a public private partnership project;

4) the principle of effectiveness - the establishment of criteria and indicators to assess the achievement of the results of public private partnerships.

Article 74. The scope of public private partnership and methods for its implementation

1. Public private partnership is carried out in all sectors (fields) of the economy. At the same time, the objects, the list of which is determined by the Government of the Republic of Kazakhstan, cannot be transferred for the implementation of a public private partnership.

2. Public private partnership in the method of implementation is divided into institutional and contractual.

3. An institutional public private partnership is implemented by a public private partnership company in accordance with a public private partnership agreement.

4. In other cases, public private partnership is carried out according to the method of contractual public private partnership.

A contractual public private partnership is implemented through the conclusion of a public private partnership agreement, including in the following forms:

1) concessions;

2) trust management of state property;

3) property rental (lease) of state property;

4) leasing;

5) contracts concluded for the development of technology, prototyping, pilot testing and small-scale production;

6) life cycle contract;

7) service contract;

8) other contracts corresponding to the features of public private partnership.

Footnote. Article 74 as amended by the Law of the Republic of Kazakhstan dated 03.07.2017 No. 86-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 6. SOCIAL RESPONSIBILITY OF ENTREPRENEURSHIP

Article 75. General provisions of the entrepreneurship social responsibility

1. The social responsibility of entrepreneurship is the voluntary contribution of business entities to the development of social, environmental and other areas.

2. The state creates conditions for the social responsibility of entrepreneurship in the Republic of Kazakhstan.

3. No one has the right to force business entities to carry out social responsibility activities

Unlawful state interference in the affairs of business entities in the implementation of charity is not allowed.

4. Business entities in their activities can introduce social responsibility of entrepreneurship in the areas of employment and labor relations, environmental protection and other areas.

Social responsibility of entrepreneurship can be carried out by business entities through charity and in other forms not prohibited by the legislation of the Republic of Kazakhstan.

Article 76. Social responsibility of entrepreneurship in employment and labor relations

1. Social responsibility of entrepreneurship is based on the protection of the rights of workers of business entities provided for by the legislation of the Republic of Kazakhstan and shall be aimed at developing partnerships between the entrepreneur and his/her employees in solving social issues and regulating working conditions.

2. The main directions in employment and labor relations of entrepreneurship are preservation of working places, the improvement of working conditions, provision of safe working conditions and observance of the norms of social protection of workers, as well as approval of internal policies.

3. Business entities are involved in the implementation of the policy of social partnership and collective relations in the labor area in accordance with the labor legislation of the Republic of Kazakhstan.

Article 77. Social responsibility of entrepreneurship in the environmental area

1. Business entities shall ensure careful and rational attitude to the environment.

2. The social responsibility of entrepreneurship in the environmental area is implemented through the voluntary performance of the following objectives:

1) financing of programs and activities in environmental protection and improvement of streets, parks and other public places;

2) approval of the internal policy in environmental protection;

3) solution of other issues aimed at improving the state of the environment.

Article 78. State guarantees of business entities in the implementation of charity

1. Protection of the rights and legitimate interests of entrepreneurs-charity participants is guaranteed and supported by the state.

2. The state stimulates charity of business entities through the establishment and award of business entities that carry out such activities, who have made significant contributions to the development of charity, state awards in the manner approved by the President of the Republic of Kazakhstan, and honorary titles approved by the Government of the Republic of Kazakhstan.

3. Business entities engaged in charity are may to tax benefits in accordance with the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code).

4. Officials of state bodies that impede the realization of the rights of business entities to implement charity and receive charitable assistance by individuals and legal entities shall be liable in accordance with the laws of the Republic of Kazakhstan.

Footnote. Article 78 as amended by the Law of the Republic of Kazakhstan dated 03.07.2017 No. 86-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 79. The interaction between the state and business entities engaged in charity

1. The state shall ensure the observance of the rights and legitimate interests of entrepreneurs, as well as their associations engaged in charity.

2. Entrepreneurs, as well as their associations engaged in charity, can cooperate and interact with state bodies, local executive bodies, enter into agreements with them, and also perform certain works on the basis of contracts stipulated by the laws of the Republic of Kazakhstan.

3. The norms of this Code do not apply to the mechanism for attracting, evaluating, monitoring and using related and unrelated grants that cannot be used for philanthropic goals.

Chapter 7. STATE REGULATION OF ENTREPRENEURSHIP

Article 80. Objectives and limits of state regulation of entrepreneurship

1. The objectives of state regulation of entrepreneurship are to ensure the safety of goods, works, services for the life and health of people produced and sold by a entrepreneur, protection of their legitimate interests, safety for the environment, national security of the Republic of Kazakhstan, protection of state property interests.

2. State regulation of entrepreneurship is carried out through the establishment of state requirements that are mandatory for entrepreneurs, including the use of regulatory tools at the level of:

- 1) the laws of the Republic of Kazakhstan;
- 2) decrees of the President of the Republic of Kazakhstan;
- 3) regulatory resolutions of the Government of the Republic of Kazakhstan;
- 4) regulatory legal orders of ministers of the Republic of Kazakhstan and other heads of central state bodies and their departments;
- 5) regulatory legal acts of the National Bank of the Republic of Kazakhstan;
- 6) normative legal decisions of maslikhats, normative legal decisions of akims, normative legal resolutions of akimats.

Regulatory instruments are the means of influence in relation to entrepreneurs, including the forms and means of state regulation of entrepreneurship, provided for by Article 81 of this Code.

3. Is excluded by the Law of the Republic of Kazakhstan No. 156-VI dated 24.05.2018 (shall be enforced upon expiry of six months after its first official publication).

Footnote. Article 80 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (order of enforcement see Article 2).

Article 81. Forms and means of state regulation of entrepreneurship

State regulation of entrepreneurship is carried out by:

1) the establishment by regulatory legal acts of the Republic of Kazakhstan of requirements for subjects, as well as products, entrepreneurship processes;

2) state registration of entrepreneurs;

3) the introduction of a permit or notification procedure for the implementation by entrepreneurship of certain types of activities or actions (operations);

4) technical regulation;

5) state regulation of prices and tariffs;

6) compulsory insurance of civil liability of business entities in accordance with the laws of the Republic of Kazakhstan;

7) state control and supervision;

8) protection of competition and restriction of monopolistic activities;

9) state order;

10) the establishment by the laws of the Republic of Kazakhstan of the responsibility of entrepreneurs, officials of state bodies;

10-1) the introduction of information tools;

10-2) the introduction of self-regulation based on compulsory membership (participation) in a self-regulatory organization;

11) other forms and means of state regulation of entrepreneurship established by the laws of the Republic of Kazakhstan.

Footnote. Article 81 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 82. Features of the development and adoption of regulatory legal acts providing for the introduction of regulatory tools or regulatory tightening in relation to entrepreneurs

1. In case if state bodies plan to introduce a new regulatory instrument or regulatory tightening with regard to entrepreneurs, government agencies must first conduct a regulatory impact analysis procedure in the manner determined by the authorized entrepreneurship agency.

The regulatory tightening is the establishment of additional requirements, obligations, or other increase in the burden on business entities in connection with the introduction or use of regulatory tools.

2. Draft documents of the State Planning System, concepts of draft laws of the Republic of Kazakhstan, draft regulatory legal acts of the Republic of Kazakhstan, draft technical

regulations of the Eurasian Economic Union, providing for the introduction of a regulatory instrument and related requirements or regulatory tightening are subject to analysis of the regulatory impact.

At the same time, the requirement to conduct a regulatory impact analysis before and after the introduction of a regulatory instrument or regulatory tightening with regard to business entities does not apply to:

1) regulation of issues to overcome the consequences of accidents, natural disasters and other emergency situations;

2) regulation of weapons and military equipment in circulation, civil and service weapons in circulation and its ammunition, operation with narcotic drugs, psychotropic substances, their analogues and precursors;

3) regulation of the activities of financial organizations and persons belonging to insurance groups and banking conglomerates, as well as to draft regulatory legal acts of the National Bank of the Republic of Kazakhstan;

4) introduction of a special currency regime in the event of a threat to the economic security of the Republic of Kazakhstan and the stability of its financial system;

5) draft regulatory legal acts containing information constituting state secrets;

6) making decisions on the establishment of a quarantine zone with the introduction of a quarantine regime in the relevant territory, as well as on the establishment of quarantine or restrictive measures in the event of contagious animal diseases;

7) introduction of legal liability;

8) regulation of issues on countering extremism and terrorism.

3. The introduction of a new regulatory instrument or the regulatory tightening is carried out only after approval at a meeting of the interdepartmental commission on entrepreneurship regulation.

The Interdepartmental Commission on the regulation of entrepreneurial activities is a consultative and advisory body under the Government of the Republic of Kazakhstan, created to develop proposals and recommendations on improving the legislation of the Republic of Kazakhstan in entrepreneurship, the main functions of which are following:

1) review the results of the analysis of regulatory impact;

2) consideration and approval of the annual report on the state of regulation of entrepreneurship in the Republic of Kazakhstan;

3) consideration of recommendations of expert groups and decision-making on them;

4) implementation of other functions in accordance with the legislation of the Republic of Kazakhstan.

The Interdepartmental Commission on the regulation of entrepreneurial activities has the right to:

1) interact with central executive and other state bodies and organizations;

2) submit to the Government of the Republic of Kazakhstan proposals and recommendations on the issues of improving the legislation of the Republic of Kazakhstan in entrepreneurship;

3) invite to meetings of the interdepartmental commission on the regulation of entrepreneurial activities and to hear representatives of state bodies and organizations of the Republic of Kazakhstan on issues that are within the competence of the interdepartmental commission on the regulation of entrepreneurial activities;

4) request and receive necessary materials from state bodies and other organizations;

5) form temporary and permanently working expert groups and approve their position.

The requirements of this paragraph do not apply to draft acts of regional importance, as well as to cases provided for in subparagraphs 3) and 4) of paragraph 2 of this article, except for the introduction of a regulatory instrument or regulatory tightening in the concepts of draft laws of the Republic of Kazakhstan and draft laws of the Republic of Kazakhstan.

Acts of regional significance are understood as documents of the State Planning System and regulatory legal acts adopted by local representative and executive bodies, including the akim of the relevant territory.

Footnote. Article 82 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication); as amended by the Law of the Republic of Kazakhstan No. 237-VI dated 18.03.2019 (shall be enforced upon expiry of twenty one calendar days after its first official publication).

Article 83. Regulatory Impact Analysis

1. Analysis of the regulatory impact is an analytical procedure for comparing the benefits and costs of the regulatory instrument introduced and its associated requirements, allowing to evaluate the achievement of the objectives of government regulation in the future.

The goal of the regulatory impact analysis is to increase the effectiveness and efficiency of public policy in the use of specific regulatory tools through the assessment of alternative regulatory approaches to achieve certain goals or solve well-defined problems.

2. Analysis of the regulatory impact is carried out before and after the introduction of the regulatory instrument, including the current regulatory instruments for which the regulatory impact analysis has not been previously conducted.

The analysis of the regulatory impact of the introduced regulatory tools, as well as the existing regulatory tools, is carried out in accordance with the revision plans approved by the regulatory state bodies annually, including taking into account the reasonable proposals of the authorized enterprise body, the National Chamber.

Regarding the documents referred to in subparagraph 6) of paragraph 2 of Article 80 of this Code, the revision plan is approved annually by the local executive body of the region, the city of republican status, the capital, including the reasonable proposals of the regional chamber of entrepreneurs.

Information on non-compliance by state bodies with plans to revise existing regulatory instruments is submitted for consideration by an inter-ministerial commission on entrepreneurship regulation.

3. According to the results of the analysis of the regulatory impact, depending on the effectiveness of the use of the regulatory instrument, the regulatory instrument may be canceled or otherwise revised.

The regulatory instrument is subject to cancellation in case of failure to achieve the objectives of state regulation of entrepreneurial activities, declared with its introduction.

4. Analysis of the regulatory impact is carried out by state bodies in respect of draft documents provided for by paragraph 2 of Article 80 of this Code, as well as by the authorized body on entrepreneurship, the National Chamber and other interested persons in a manner determined by the authorized body on entrepreneurship.

At the same time, the analysis of the regulatory impact is carried out by the regulatory state bodies, with the exception of acts of regional significance, in relation to which the regulatory impact analysis is carried out by their developers.

5. Analyzing the regulatory impact is a prerequisite for the introduction of a new regulatory tool or regulatory tightening.

6. Authorized body on entrepreneurship:

1) considers the results of the regulatory impact analysis and provides an opinion on the compliance of the regulatory authorities, the National Chamber and other stakeholders with the established procedures, with the exception of draft acts of regional importance;

2) in case of disagreement with the findings of the analysis of the regulatory impact, conducts an alternative analysis of the regulatory impact.

7. The local executive body of the region, the city of republican status, the capital, providing leadership in entrepreneurship:

1) considers the results of the analysis of the regulatory impact and draws a conclusion on the compliance of the developers of draft acts of regional importance, the regional chamber and other interested parties with the established procedures;

2) in case of disagreement with the findings of the analysis of the regulatory impact, conducts an alternative analysis of the regulatory impact.

The results of the analysis of the regulatory impact are submitted for consideration to the consultative and advisory body under the akimat of the region, the city of republican status, the capital on the issues of an interdepartmental nature, formed in accordance with the Law of the Republic of Kazakhstan "On local government and self-government in the Republic of Kazakhstan", the approval of which is a mandatory condition for introducing a new regulatory instrument or regulatory tightening.

8. The results of the analysis of the regulatory impact and the alternative analysis of the regulatory impact are posted on publicly accessible Internet resources.

Footnote. Article 83 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its first official publication).

Article 84. Competence of the Government of the Republic of Kazakhstan in state regulation of entrepreneurship

1. The competence of the Government of the Republic of Kazakhstan shall include:

1) approval of rules for the maintenance and use of the register of entrepreneurs;

1-1) development of the main directions of state policy in state regulation of entrepreneurship;

2) approval of the rules for calculating the average annual number of employees and average annual income;

3) approval of the rules for the development and approval of the annual report on the state of business regulation in the Republic of Kazakhstan.

4) approval of the list of compulsory services provided by natural monopoly entities and quasipublic sector under protection of competition and restriction of monopolistic activities.

In technical regulation:

1) development of the main directions of state policy in technical regulation;

2) the formation of the state system of technical regulation;

3) ensuring legal reform in technical regulation;

4) is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

In the area of accreditation in conformity assessment:

1) development of the main directions of state policy in accreditation;

2) approval of the rules for the competition for the choice of the accreditation body and qualification requirements for the accreditation body;

3) determination of the accreditation body in accordance with the rules specified in subparagraph 2) of this part.

2. The Government of the Republic of Kazakhstan performs other functions entrusted to it by the Constitution, this Code, the laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. Article 84 as amended by the Law of the Republic of Kazakhstan No.156-VI dated 24.05.2018 (order of enforcement see Article 2).

Article 85. Authorized body on entrepreneurship and its competence in state regulation of entrepreneurship

1. The authorized agency for entrepreneurship is a government agency that provides leadership and inter-sectoral coordination in the development and support of private entrepreneurship.

2. Authorized body on entrepreneurship:

1) informs the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan on violations of the legislation of the Republic of Kazakhstan regulating the activities of business entities permitted by state bodies and their officials;

2) coordinates the risk assessment system of state bodies by joint approval of risk assessment criteria, checklists developed by authorized state bodies;

3) develops and approves the forms of checklists;

3-1) interacts with the authorized body in legal statistics and special accounting for the exchange of information on the registration of inspections and preventive control and supervision of the bodies of control and supervision;

4) maintains a register of entrepreneurs;

5) develops rules for maintaining and using the register of entrepreneurs;

6) develops rules for calculating the average annual number of employees and average annual income;

7) develops and approves the rules for conducting and using the analysis of the regulatory impact of regulatory instruments;

8) develops rules for the development and approval of the annual report on the state of business regulation in the Republic of Kazakhstan;

9) provides methodological assistance and coordinates the activities of regulatory state bodies on the implementation of regulatory impact analysis;

10) considers reports of local executive bodies of the region, the city of republican status, the capital, providing leadership in entrepreneurship, on the state of work on the analysis of regulatory impact;

10-1) ensures the activities of the interdepartmental commission on the regulation of entrepreneurial activities;

11) organizes training of civil servants and other persons in the implementation of regulatory impact analysis;

12) conducts an alternative analysis of the regulatory impact;

13) develops a draft annual report on the state of regulation of entrepreneurship in the Republic of Kazakhstan;

13-1) develops and approves the list of information tools;

13-2) conducts a rating of regions and cities for ease of doing business;

13-3) develops and approves a methodology for conducting a rating of regions and cities on the ease of doing business;

14) exercises control in support and protection of private entrepreneurs.

3. The authorized body on entrepreneurship shall exercise other powers provided for by this Code, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 85 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 86. Regulatory state bodies and their competence in state regulation of entrepreneurship

1. Regulatory government agencies are:

1) public authorities exercising leadership in a particular industry or sphere of public administration in which state control and supervision is exercised;

2) public authorities exercising leadership in a particular industry or sphere of public administration, in which a regulatory instrument has been introduced or is planned to be introduced.

2. The competence of regulatory state bodies exercising leadership in a particular industry or sphere of public administration in which state control and supervision is carried out includes:

1) implementation of state policy in state control and supervision in the relevant industry (sphere) in which state control and supervision is carried out;

2) approval within its competence of the regulatory legal acts provided for by paragraphs 2 and 3 of Article 141, paragraph 1 of Article 143 of this Code, as well as semi-annual schedules for conducting inspections;

3) organization of state control and supervision in accordance with the laws of the Republic of Kazakhstan;

4) monitoring the effectiveness of state control and supervision;

4-1) consideration of proposals of the authorized body in legal statistics and special accounting to improve the conduct of state control and supervision and decision-making, including by amending and supplementing the regulatory legal acts of the Republic of Kazakhstan;

5) performing other functions stipulated by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

3. The competence of regulatory state bodies exercising leadership in a particular industry or sphere of government, in which a regulatory tool is introduced or planned to be introduced, includes:

1) submission to the authorized body on entrepreneurship of reports on the status of regulation of entrepreneurial activities;

2) the exercise of other powers provided for by this Code, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 86 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 87. Bodies of control and supervision and their competence in state regulation of entrepreneurship

1. Bodies of control and supervision are state bodies, their departments and territorial divisions, as well as local executive bodies that monitor and check for compliance of the activities of the audited entities with the requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code.

2. The competence of the bodies of control and supervision shall include:

- 1) implementation of state policy in state control and supervision in the relevant field;
- 2) development within its competence of the regulatory legal acts provided for by paragraphs 2 and 3 of Article 141, paragraph 1 of Article 143 of this Code, as well as semi-annual schedules for conducting inspections;
- 3) carrying out state control and supervision in accordance with the laws of the Republic of Kazakhstan;
- 4) monitoring the effectiveness of state control and supervision;
- 5) making proposals for improving the conduct of state control and supervision;
- 6) implementation of other functions stipulated by this Code and other Laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 88. Competence of the antimonopoly authority in state regulation of entrepreneurship

Footnote. Chapter 19 is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 89. Competence of other state bodies in state regulation of entrepreneurship

State bodies within their competence in state regulation of entrepreneurship:

- 1) participate in the formation and implementation of state policy in state regulation of entrepreneurship;
- 2) exercise other powers provided for by this Code, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 90. Competence of local executive bodies in state regulation of entrepreneurship

Local executive bodies of the Republic of Kazakhstan carry out:

- 1) within its competence, the approval of the maximum permissible retail prices for socially important food products and state control over the observance of the size of the maximum permissible retail prices for socially important food products;
- 2) permitting procedures, gaining notifications in accordance with the legislation of the Republic of Kazakhstan on permits and notifications;
- 2-1) conducting an alternative analysis of regulatory impact;

2-2) submission to the authorized body for business reports on the status of work on the analysis of regulatory impact;

3) in the interests of local government, other powers imposed on local executive bodies by the legislation of the Republic of Kazakhstan.

Footnote. Article 90 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Chapter 7-1. Antimonopoly authority and its powers

Footnote. The Code is supplemented by Chapter 7-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (the order of enforcement, see Art. 2).

Article 90-1. Antimonopoly authority system

1. The unified system of the antimonopoly body consists of the central executive body, its department and its subordinate territorial units.

2. Territorial subdivisions carry out their activities within the limits of authority established by the legislation of the Republic of Kazakhstan and regulations approved by the central executive body.

Article 90-2. Objectives of the antimonopoly authority

The objectives of the antimonopoly authority are:

- 1) promoting the development of fair competition;
- 2) prevention, detection and investigation, suppression of violations of the legislation of the Republic of Kazakhstan in protection of competition;
- 3) regulation of economic concentration;
- 4) demonopolization of market entities that restrict competition.

Footnote. Article 90-2 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 90-3. Management of the antimonopoly authority

The management of the antimonopoly authority is carried out by the head of the department.

Article 90-4. Interaction of the antimonopoly authority with the antimonopoly authorities of other states

1. Within the framework of the Eurasian Economic Union, the antimonopoly authority interacts with the antimonopoly authorities of the member states of the Eurasian Economic Union in accordance with international treaties, including by sending notifications, requests for information, consulting, informing about investigations in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

2. Within the framework of participation in international organizations, the antimonopoly authority has the right to send requests to the antimonopoly authorities of other states and provide information upon their requests.

Article 90-5. The interaction of antimonopoly and law enforcement agencies

1. The antimonopoly authority shall interact with the law enforcement authorities of the Republic of Kazakhstan within its authority in the following forms:

1) informs the law enforcement authorities on the revealed facts of offenses in protection of competition;

2) upon request of law enforcement agencies, provides analytical information on the state of competition in commodity markets;

3) within its competence, conducts, upon request of law enforcement bodies, expert examinations and gives opinions on the legislation of the Republic of Kazakhstan in competition protection;

4) according to resolutions and requests of law enforcement agencies, their territorial subdivisions, as experts, send their employees to participate in legal proceedings and measures to investigate violations of the legislation of the Republic of Kazakhstan in competition protection.

2. Law enforcement authorities of the Republic of Kazakhstan shall interact with the antimonopoly authority within their powers in the following forms:

1) inform the antimonopoly authority of the identified violations of the legislation of the Republic of Kazakhstan in protection of competition;

2) upon requests and appeals of the antimonopoly authority:
send employees to conduct joint activities to investigate violations of the legislation of the Republic of Kazakhstan in protection of competition, as well as to prevent unlawful actions that impede the performance of official obligations by employees of the antimonopoly body;

take measures to establish the locations of violators of the legislation of the Republic of Kazakhstan in protection of competition and their delivery to the antimonopoly body for bringing to administrative responsibility in accordance with the written requests of the antimonopoly body in the manner established by the Code of Administrative Offenses of the Republic of Kazakhstan;

in accordance with the procedure established by the Criminal Procedure Code of the Republic of Kazakhstan, make decisions on conducting a pre-trial investigation on materials submitted by the antimonopoly authority with signs of criminal anticompetitive actions, which the antimonopoly authority is informed of;

provide practical assistance to the antimonopoly authority in detecting and securing evidence of violations of the legislation of the Republic of Kazakhstan in competition protection.

Article 90-6. Competence of the antimonopoly authority

Antimonopoly authority:

1) executes the implementation of state policy in protection of competition and restriction of monopolistic activities;

2) carries out inter-sectoral coordination of state bodies and other organizations in competition protection and restriction of monopolistic activities;

3) carries out international cooperation on the protection of competition and the restriction of monopolistic activities;

4) exercises state control over compliance with the legislation of the Republic of Kazakhstan in protection of competition;

5) suppresses acts, actions (inaction) of state and local executive bodies, organizations endowed with state functions of regulating the activities of market entities, aimed at restricting and (or) eliminating competition;

6) is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication);

6-1) considers applications for consent for economic concentration;

7) warns and eliminates abuses of the dominant or monopolistic position in the relevant product market, with the exception of violations stipulated by the legislation of the Republic of Kazakhstan on natural monopolies;

7-1) develops and approves the rules for provision of compulsory services by natural monopoly entities and the quasipublic sector under protection of competition and restriction of monopolistic activities;

8) prevents and suppresses anticompetitive agreements and concerted actions of market entities, unfair competition;

9) coordinates regulatory legal acts in competition protection, restrictions on monopolistic activities and the functioning of commodity markets;

10) disseminates information on the application of the norms of the legislation of the Republic of Kazakhstan in protection of competition and promotion of fair competition;

11) analyzes the state of competition in commodity markets;

12) carries out the analysis and monitoring of the activities of market entities that hold a dominant or monopolistic position in the relevant product market;

13) approves methods for analyzing the state of competition in the commodity market with the definition of criteria for interchangeability of goods, the availability of their purchase , as well as the boundaries of the commodity market, and for financial institutions - in coordination with the National Bank of the Republic of Kazakhstan

14) develops and approves a methodology for analyzing socially significant markets;

15) develops and approves methods for conducting a survey of commodity markets in which state-owned enterprises and legal entities will be created, where more than fifty percent of shares (shares in the authorized capital) owned by the state, and legal entities affiliated with them and (or) carried out by them activities in relation to state enterprises and legal

entities, where more than fifty percent of the shares (shares in the authorized capital) owned by the National Bank of the Republic of Kazakhstan, and legal entities affiliated with them - in coordination with the National Bank of the Republic of Kazakhstan;

16) develops and approves a methodology for assessing the economic concentration in commodity markets;

17) develops and approves a methodology for assessing the economic concentration in financial markets in coordination with the National Bank of the Republic of Kazakhstan;

18) reveals a monopoly high (low), monopsony low price set by a dominant or monopolistic market entity;

19) approves methods for identifying monopoly high (low) and monopsony low prices;

20) conducts investigations into the facts of violation of the legislation of the Republic of Kazakhstan in protection of competition by market entities, state, local executive bodies, organizations, which are vested with the state functions of regulating the activities of market entities, in the manner established by this Code;

21) requests and receives, in accordance with the procedure established by the laws of the Republic of Kazakhstan, from state bodies, including the authorized body in state statistics, state revenue bodies, market subjects, as well as officials and other individuals and legal entities, information necessary for the exercise of authority, provided for by this Code, including information constituting commercial and other secrets protected by law, with the exception of bank secrets, insurance secrets and trade secrets in the market securities;

22) issues to the market entities binding instructions on:

stopping violations of the norms of this Code and (or) eliminating their consequences;

restoration of the original position;

termination or amendment of contracts contrary to this Code;

the need to cancel transactions by canceling or invalidating them when regulating economic concentration;

entering into an agreement with another market entity in the event that the violation is an unreasonable refusal or evasion of concluding an agreement with certain sellers (suppliers) or buyers;

23) makes to the state, local executive bodies, organizations vested with the state functions of regulating the activities of market entities, binding instructions to repeal or amend the acts adopted by them, eliminate violations, as well as cancellation, cancellation or amendment of agreements and transactions concluded by them, and the performance of actions aimed at ensuring competition;

24) considers cases on administrative offenses and imposes administrative penalties in the manner established by the Code of the Republic of Kazakhstan on Administrative Offenses, participates in a court to hear cases on violations of the legislation of the Republic of Kazakhstan in competition protection;

25) sends to law enforcement agencies materials for conducting a pre-trial investigation on the grounds of criminal offenses related to violation of the legislation of the Republic of Kazakhstan in protection of competition;

26) annually, not later than June 1, sends to the President of the Republic of Kazakhstan and the Prime Minister of the Republic of Kazakhstan an annual report on the state of competition in certain commodity markets and measures taken to limit monopolistic activities, and also places it on its Internet resource;

27) annually, not later than January 5 of the year following the reporting year, sends to the Government of the Republic of Kazakhstan proposals for the transfer into the competitive environment of state-owned enterprises, legal entities, where more than fifty percent of shares (shares in the authorized capital) owned by the state, and legal entities affiliated with them persons, and proposals for updating the list of activities carried out by legal entities, more than fifty percent of shares (shares in the authorized capital) owned by the state, and legal entities affiliated with them;

28) provides informational openness of the state policy in protection of competition and restriction of monopolistic activities, including quarterly not later than the fifteenth day of the month following the reporting period, places information about its activities in the media, including on its Internet resource;

29) examines the prices of goods produced and (or) sold by a state monopoly entity;

30) in the manner prescribed by the legislation of the Republic of Kazakhstan, shall apply to law enforcement agencies to conduct operational search activities;

31) sends to the official of the market entity, the state, local executive body, the organization vested with the state functions of regulating the activities of market entities, a written warning about the inadmissibility of an action (inaction) that may lead to violation of the legislation of the Republic of Kazakhstan in competition protection;

32) places on its Internet resource an analysis of the state of competition in commodity markets, with the exception of information containing state secrets and other secrets protected by law;

33) sends to market entities, state, local executive bodies, organizations vested with state regulatory functions of market entities, notification of the presence in the actions (inaction) of the market entity, state, local executive body, organization endowed with state regulatory functions of market entities, signs violations of the legislation of the Republic of Kazakhstan in protection of competition;

34) gives an official explanation of the regulatory legal acts in protection of competition, adopted by the antimonopoly authority;

35) develops and approves the rules for reviewing draft agreements of market entities for compliance or non-compliance with the requirements of the legislation of the Republic of Kazakhstan in competition protection;

36) develops and approves standard external acts of antimonopoly compliance for market entities;

37) establishes the compliance of the external act of antimonopoly compliance directed by the market entity (market entities) with the typical external act of antimonopoly compliance;

38) places on its Internet resource information on the results of investigations of violations of the legislation of the Republic of Kazakhstan in competition protection, decisions of the antimonopoly authority;

39) submits claims to the court for termination, amendment of contracts and (or) invalidation of transactions contrary to this Code;

39-1) forms and maintains the state register of subjects of state monopoly;

40) exercises other powers provided for by this Code, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 90-6 as amended by the Law of the Republic of Kazakhstan No. 156-VI dated 24.05.2018 (order of enforcement see Article 2).

Article 90-7. Rights of the antimonopoly authority

Employees of the antimonopoly authority in the performance of official obligations, including consideration of allegations of violation of the legislation of the Republic of Kazakhstan in protection of competition, investigation of cases of violation of the legislation of the Republic of Kazakhstan in protection of competition, regulation of economic concentration and determination of the level of competition, in accordance with the powers entrusted to them, when they present official IDs and decisions of the antimonopoly authority to conduct an investigation of violations of the legislation of the Republic of Kazakhstan in competition protection, they have the rights:

1) to obtain unhindered access to the premises and the territory of state bodies and market entities in compliance with the requirements of the legislation of the Republic of Kazakhstan;

2) to request and receive written information within the deadlines set by the antimonopoly authority, which can not be less than five working days, from state, local executive bodies, market entities, officials and other individuals and legal entities, as well as written and (or) oral explanations on the facts of violations of the legislation of the Republic of Kazakhstan in protection of competition;

3) to exercise other powers established by the legislation of the Republic of Kazakhstan.

Footnote. Article 90-7 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 90-8. Ensuring compliance with commercial, official and other secrets protected by law

1. Information constituting a commercial, official or other secret protected by law obtained by the anti-monopoly authority in the exercise of its powers shall not be disclosed, except for cases established by the laws of the Republic of Kazakhstan.

2. For disclosure of information constituting a commercial, official or other secret protected by law, employees of the antimonopoly authority shall be responsible, as established by the laws of the Republic of Kazakhstan.

3. Harm caused to an individual or legal entity as a result of disclosure by the antimonopoly authority or its officials of information constituting commercial, official and other secrets protected by law shall be reimbursed in accordance with the civil legislation of the Republic of Kazakhstan.

Chapter 8. STATE SUPPORT OF PRIVATE ENTREPRENEURSHIP

Article 91. The concept of state support of private entrepreneurship

The state support of private entrepreneurship is understood as a complex of state measures to stimulate the development of private entrepreneurship, the creation of favorable legal and economic conditions for the implementation of entrepreneurial initiatives in the Republic of Kazakhstan.

Article 92. The main directions of state support for private entrepreneurship

1. State support for private entrepreneurship is carried out in the following main directions :

- 1) small-sized and medium-sized business entities;
- 2) agro-industrial complex and non-agricultural types of entrepreneurial activities in rural areas;
- 3) industrial-innovative activities;
- 4) special economic zones;
- 4-1) industrial areas;
- 5) investment activities;
- 6) entrepreneurship of domestic manufacturers of goods;
- 7) housing.

2. State support for private entrepreneurship may also be carried out in other directions in cases established by the legislation of the Republic of Kazakhstan.

Footnote. Article 92 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 93. General types of state support for private entrepreneurship

1. State support for private entrepreneurship includes the following general types:

- 1) financial and property support;
- 2) infrastructure support;

3) institutional support, consisting in the creation and development of financial institutions for the support and development of private entrepreneurship, research institutes under state bodies for studying problems and developing proposals for the development of private entrepreneurship;

4) information support, which consists in information-analytical, educational and methodological, scientific and methodological support of private entrepreneurship.

2. State support for private entrepreneurship provides for other types of state support for private entrepreneurship established by this Code and the legislation of the Republic of Kazakhstan.

Footnote. Article 93 as amended by the Law of the Republic of Kazakhstan dated 04.07.2018 No. 174-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 94. Financial and property support for private entrepreneurship

1. Financial and property support for private entrepreneurship is carried out by:

- 1) purchase of a guaranteed volume of goods (works, services);
- 2) provision of loans at the expense of budget funds;
- 3) credit organizations through second-tier banks, national development institutions and other legal entities in accordance with the legislation of the Republic of Kazakhstan;
- 4) issuance of state grants for the organization and implementation of socially significant projects in sectors of the economy;
- 5) subsidizing interest rates on loans issued and leasing transactions made by second-tier banks, the Development Bank of Kazakhstan and other legal entities engaged in leasing activities, private entrepreneurs;
- 5-1) subsidizing interest rates on loans issued by second-tier banks to private business entities for housing construction in the manner determined by the authorized body for architecture, urban planning and construction;
- 6) subsidizing interest rates on microloans issued by microfinance organizations to private entrepreneurs;
- 6-1) subsidizing the rate of coupon interest on bonds issued by private business entities in accordance with the legislation of the Republic of Kazakhstan and included in the list of the stock exchange operating in the Republic of Kazakhstan;
- 7) reimbursement and (or) subsidization of expenses and (or) costs;
- 8) partial guaranteeing of loans from private entrepreneurs;
- 9) leasing;
- 10) provision of other measures of financial and property support to private entrepreneurship established by this Code and the legislation of the Republic of Kazakhstan.

2. The order, forms of state financial support, industry (s) of the economy, in which private business entities subject to state financial support, legal entity (s) engaged (involved) to provide state financial support, the amount of financial support and other conditions

necessary for the provision of state financial support are approved by the Government of the Republic of Kazakhstan.

Footnote. Article 94 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); of 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its first official publication).

Article 95. Special fund for private entrepreneurship development

1. Financial support from the state for initiatives of private business entities is provided for by a special entrepreneurship development fund created by a decision of the Government of the Republic of Kazakhstan, the controlling stake of which belongs to the national managing holding (hereinafter referred to as a "special fund").

The main goal of the special fund is to promote the quality development of private entrepreneurship in the Republic of Kazakhstan through the provision of financial and non-financial support for private entrepreneurship.

The main objectives of the special fund are:

- 1) development of microfinance organizations;
- 2) creation of a system of guaranteeing private business entities when they receive loans from second-tier banks and other legal entities;
- 3) development of financial leasing;
- 4) training and consulting on the implementation of private entrepreneurship, including financial and property support for private entrepreneurship;
- 5) informational and analytical support on issues of private entrepreneurship;
- 6) financing of private business entities through conditional placement of funds in second-tier banks and other legal entities, as well as by other means expressly provided for by the legislation of the Republic of Kazakhstan;
- 7) subsidizing interest rates on loans issued and leasing transactions made by second-tier banks, the Development Bank of Kazakhstan and other legal entities engaged in leasing activities, private entrepreneurs;
- 7-1) subsidizing the rate of coupon interest on bonds issued by private business entities in accordance with the legislation of the Republic of Kazakhstan and included in the list of the stock exchange operating in the Republic of Kazakhstan;
- 8) promotion of private entrepreneurship ideas;
- 9) monitoring the implementation of programs to support private entrepreneurs;
- 10) other objectives in accordance with the statute of the special fund.

2. The procedure and conditions for the implementation of the objectives of the special fund are determined by the national managing holding.

Footnote. Article 95 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 96. Informational support for private entrepreneurship

1. Informational support of private entrepreneurship is carried out in order to improve the professional level of private business entities and their employees, allowing them to produce competitive goods (works, services).

2. Informational support is carried out by the following means:

1) organizing training seminars and scientific conferences for the development of private entrepreneurship;

2) the organization of foreign internships;

3) the distribution of teaching aids, information bulletins on the practice of private entrepreneurship, the market for new technologies;

4) creation of a network of information and consulting centers in the regions;

5) provision of consulting, informational, legal, marketing, and other services;

6) facilitating the transfer of advanced foreign technologies;

7) service informational support in the promotion of domestic goods (works, services) for export;

8) training managers to organize training for small-sized business entities in the regions.

3. Informational support for private business entities is carried out at the expense of budget funds and other sources not prohibited by the legislation of the Republic of Kazakhstan.

4. The authorized body on entrepreneurship in order to provide information; support to private entrepreneurship on its Internet resource places the following information:

1) on state and other programs aimed at supporting private business entities and their implementation;

2) on the number of private business entities with a classification by kinds of economic activities;

3) on organizations forming the infrastructure to support private entrepreneurs, the conditions and procedure for providing support to private business entities by such organizations;

4) on measures of financial support for private entrepreneurs;

5) on results of the analysis of the business environment, investment climate and infrastructure for the development of private entrepreneurship;

6) on the concepts of draft laws and draft regulatory legal acts aimed at providing support for the development of private entrepreneurship;

7) other information necessary for the development of private business entities provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 97. Infrastructure support for private entrepreneurship

Infrastructure support for private entrepreneurship is provided for through the creation and development of an infrastructure to support private entrepreneurship, which refers to a

complex of established or existing organizations that provide general conditions for the operation and development of private entrepreneurship, including assistance in organizing their own business, providing information in law, marketing, engineering and management, support in providing logistical, financial and other resources to commercial basis.

The infrastructure support for private entrepreneurship includes business support centers, business incubators and elements of industrial innovation infrastructure.

Footnote. Article 97 as amended by the Law of the Republic of Kazakhstan dated 04.07.2018 No. 174-VI (shall be enforced upon the expiry of ten calendar days after its first official publication).

Article 98. Competence of the Government of the Republic of Kazakhstan in state support and development of private entrepreneurship

1. Government of the Republic of Kazakhstan:

In state support and development of private entrepreneurship:

1) develops the main directions of state policy in support and development of private entrepreneurship;

2) forms the state system of support for private entrepreneurship;

3) determines the procedure for rendering state support for private entrepreneurship;

4) forms and abolishes consultative and advisory bodies under the Government on issues of private entrepreneurship;

5) organizes consideration by expert councils of draft regulatory legal acts, draft international treaties of the Republic of Kazakhstan, as well as international treaties developed by central state, local representative and executive bodies, which the Republic of Kazakhstan intends to become, affecting the interests of private entrepreneurs;

6) is excluded by the Law of the Republic of Kazakhstan No. 202-VI dated 26.12.2018 (shall be enforced from 01.01.2019);

7) approves the rules for providing small-sized and medium-sized business entities with property lease (rent) or trust management of unused state-owned facilities and land plots occupied by them for organizing production activities and developing the services sector to the population with subsequent gratuitous transfer to ownership;

8) determines and implements the state policy that stimulates the creation and improvement of competitive industries, the development of private entrepreneurship and the improvement of the quality of their products;

9) develops regulatory legal acts promoting the development of competition and stimulation of investments in innovations, tangible assets, as well as long-term investments;

10) stimulates the creation of clusters in individual sectors of the economy;

11) conducts an analysis of the functioning of industries in order to remove obstacles to the development of private entrepreneurs;

12) creates national development institutions in order to increase investment and accelerate the introduction of innovations into the economy of the Republic of Kazakhstan;

13) carries out temporary protection of individual sectors of customs-tariff and non-tariff methods with the creation of conditions for the development of competition between private business entities in these sectors;

14) takes measures to eliminate barriers established by another country in relation to national exporters;

15) encourages private business entities to conduct a coherent export policy;

16) organizes the provision of economic information about the state of domestic and foreign markets to private entrepreneurs;

17) creates conditions for improving the competitiveness of national products by encouraging the implementation of quality management systems;

18) creates conditions for external demand by lobbying the interests of national exporters in other countries;

19) interacts with the National Chamber and associations of private business entities and employers;

20) creates research organizations, funds fundamental and applied research to solve problems of the industry or clusters;

21) develops measures to involve socially vulnerable groups of the population in private entrepreneurship;

22) approves the rules for the accreditation of associations of private entrepreneurs;

23) approves the model regulations on expert councils on entrepreneurship.

In support for industrial innovation:

1) develops the main directions of the state policy in state support for industrial innovation activities and organizes their implementation;

2) determines the priority sectors of the economy;

3) approves the list of national development institutions and other legal entities, fifty and more percent of voting shares (shares in the authorized capital) of which are directly or indirectly owned by the state, authorized to implement measures of state support for industrial and innovative activities;

4) is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication);

5) is excluded by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication);

6) forms the Coordination Council on accelerated industrial-innovative development under the Government of the Republic of Kazakhstan and approves its position and composition;

7) determines the order of inclusion of projects in the map of industrialization and maps of entrepreneurship support regions.

2. The Government of the Republic of Kazakhstan performs other functions stipulated by the Constitution, this Code, the laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

Footnote. Article 98 as amended by the Law of the Republic of Kazakhstan dated 03.07.2017 No. 86-VI (shall be enforced upon the expiry of ten calendar days after its first official publication); dated 24.05.2018 No. 156-VI (shall be entered into force upon the expiry of ten calendar days after the day of its first official publication); No. 202-VI dated 26.12.2018 (shall be enforced from 01.01.2019).

Article 99. Competence of the authorized body on entrepreneurship in state support and development of private entrepreneurship

Entrepreneurial authority:

- 1) implements the state policy on the development and state support for private entrepreneurship;
- 2) organizes and coordinates the implementation of state measures to support small-sized and medium-sized business entities;
- 3) develops proposals for improving measures for financing and lending to private entrepreneurship entities;
- 4) analyzes the business environment, investment climate and infrastructure for the development of private entrepreneurship;
- 5) develops regulatory legal acts providing support and development of private entrepreneurship;
- 6) contributes to the formation and development of infrastructure of small-sized and medium-sized business entities in the regions of the republic;
- 7) creates conditions for the participation of small-sized and medium-sized business entities in the implementation of documents of the State Planning System of the Republic of Kazakhstan in innovation, investment and industrial development;
- 8) creates conditions for investors, international organizations, grantors in the support and development of private entrepreneurship;
- 9) organizes methodological assistance to private entrepreneurs;
- 10) creates conditions for the entry of private entrepreneurship into international markets of goods, works, services;
- 11) carries out international cooperation in private entrepreneurship development;
- 2) promotes public policy for the development and support of private entrepreneurship;
- 13) exercise other powers provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 100. Authorized body in state support for industrial and innovative activities and its competence in state support for private entrepreneurship

1. The authorized body in state support for industrial innovation is the central executive body that manages industry and industrial innovation development and the promotion of non-commodity exports, as well as inter-sectoral coordination and participation in the implementation of state support for industrial innovation and in the promotion of non-commodity exports.

2. Authorized body in state support for industrial and innovative activities:

1) participates in the formation and implementation of state policy in state support for industrial and innovative activities;

2) formulate a policy for the development of local content in industrial innovation;

3) carries out planning, monitoring, stimulation, development of the industrial-innovative system;

4) annually provides the Government of the Republic of Kazakhstan with information on the effectiveness of state support measures for industrial innovation activities;

5) develops and approves the rules for the examination of local content;

6) develops a single "road-map" of priority goods and services;

7) develops an industrialization map;

8) determines the priority areas for the provision of innovative grants;

9) develops a regulation on the Coordination Council on accelerated industrial-innovative development under the Government of the Republic of Kazakhstan and makes proposals to the Government of the Republic of Kazakhstan on the formation of its composition;

10) forms the Technology Policy Council and approve its position and composition;

11) coordinates strategies and development plans of legal entities, where fifty and more percent of voting shares (shares in the authorized capital) owned by the state, legal entities affiliated with them, national managers of holdings (except for the National Wealth Fund), national holdings, national companies (with the exception of national companies belonging to the group of the National Wealth Fund) and legal entities affiliated with them in terms of the development of technologies and innovations;

12) develops and approves the rules for the operation of design offices;

13) develops and approves the rules for reimbursement of part of the costs of subjects of industrial and innovative activities to promote domestic processed goods;

14) develops and approves the list of domestic processed goods, for which the costs of their promotion are partially reimbursed;

15) develops the procedure for the inclusion of projects in the map of industrialization and maps of entrepreneurship support regions;

16) develops and approves the rules for the provision of innovative grants for technology commercialization;

17) develops and approves the rules for the provision of innovative grants for the technological development of industries;

18) develops and approves the rules for the provision of innovative grants for the technological development of existing enterprises;

19) develops and determines the procedure for payment for the services of the national development institute in technological development in the provision of innovative grants;

20) develops the procedure for the formation and maintenance of a database of goods, works, services and their suppliers;

21) develops rules for reimbursement of part of the costs of subjects of industrial and innovative activities for the promotion of goods, works and services in the domestic market;

22) determines the operators carrying out state support of industrial and innovative activities;

22-1) develops and approves the powers of operators providing state support for industrial and innovative activity;

23) develops and approves the procedure for the competitive selection of territorial clusters;

24) develops and approves the rules for the provision of state support to the subjects of industrial innovation aimed at increasing labor productivity and the development of territorial clusters;

24-1) develops and approves the rules and conditions of the conclusion, as well as the grounds for amendment and termination the agreement on industrial assembly of agricultural machinery with legal entities of the Republic of Kazakhstan and its standard form;

24-2) within the limits of their competence, develops and promotes non-commodity exports;

24-3) coordinates the work of the sectoral state bodies of the Republic of Kazakhstan on the development and promotion of non-primary exports;

24-4) interacts with sectoral state bodies of the Republic of Kazakhstan on the development and promotion of non-primary exports;

24-5) develops and approves regulatory legal acts on the promotion of non-primary exports;

24-6) develops and approves measures to promote exports, taking into account the international obligations of the Republic of Kazakhstan;

24-7) coordinates industry programs in non-primary exports;

24-8) provides and bears responsibility for the implementation and execution of state programs within the competence;

25) exercise other powers provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 100 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018); dated 24.05.2018 No. 156-VI (shall be entered into force upon the expiry of ten calendar days after the day of its first official

publication); No. 184-VI dated 05.10.2018 (shall be enforced upon expiry of ten calendar days after its first official publication); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 101. The central authorized body on the state planning and its competence in state support for private entrepreneurship

1. The central authorized body on the state planning is the central executive body that exercises leadership and inter-sectoral coordination in strategic and economic planning, development and formation of budget policy, as well as the formation and implementation of state policy in regional development.

2. The central authorized state planning body:

1) participates in the formation and implementation of state policy in state support for industrial and innovative activities;

2) makes proposals to the Government of the Republic of Kazakhstan on the determination of priority sectors of the economy;

3) coordinates the provision of qualified human resources and employment regulation in industrial and innovative activities;

4) evaluates the effectiveness of the industrial innovation system;

5) coordinates the strategies and development plans of legal entities, where fifty and more percent of voting shares (shares in the authorized capital) belong to the state, legal entities affiliated with them, national managers of holdings (except for the National Wealth Fund), national holdings, national companies (with the exception of national companies belonging to the National Welfare Fund group) and legal entities affiliated with them for compliance with the objectives of industrial and innovative development;

6) exercises other powers provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 101 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 102. Authorized body in regulation of foreign trade activities and its competence in state support for private entrepreneurship

1. The authorized body in regulation of foreign trade activities are the central executive body exercising leadership, as well as, within the limits of the legislation of the Republic of Kazakhstan, intersectoral coordination in foreign trade regulation.

2. Authorized body in foreign trade regulation:

1) interacts with the investigating authority on issues of special protective, anti-dumping and countervailing measures;

2) submits to the body conducting the investigations proposals for initiating investigations preceding the use of special protective, anti-dumping and countervailing measures;

3) coordinates the work of state agencies of the Republic of Kazakhstan on issues of special protective, anti-dumping and countervailing measures;

4) forms and adjusts with interested state agencies of the Republic of Kazakhstan the proposals on issues of special protective, anti-dumping and countervailing measures;

5) develops regulatory legal acts on issues of special protective, anti-dumping and countervailing measures;

6) interacts with official bodies of other countries and international organizations;

7) exercise other powers provided for by the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 102 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 103. Competence of other state bodies in support of industrial and innovative activities

State bodies within their competence in support for industrial innovation:

1) participate in the formation and implementation of state policy in state support of industrial and innovative activities;

1-1) carry out, within their competence, the promotion of non-resource export;

2) make proposals to the central authorized state planning body to identify priority sectors of the economy;

3) provide information to the authorized body in state support for industrial and innovative activities on the implementation of measures of state support for industrial and innovative activities;

3-1) provide information to the authorized body in state support for industrial and innovative activities on the promotion of non-resource export;

3-2) develop, within their competence, measures to promote non-commodity exports, taking into account the international obligations of the Republic of Kazakhstan;

3-3) ensure and bear responsibility for the implementation and execution of state programs, within their competence;

4) submit to the authorized body in state support for industrial and innovative activities proposals for identifying priority areas for the provision of innovative grants;

5) exercise other powers stipulated by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 103 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 104. Competence of other state bodies in state support for private entrepreneurship

State bodies, within their competence, in state support of private entrepreneurship:

1) participate in the formation and implementation of state policy in state support for private entrepreneurship;

2) exercise other powers provided for by this Code, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Article 105. Competence of local executive bodies in state support and development of private entrepreneurship

1. Local executive bodies of the Republic of Kazakhstan:

1) implement the state policy of support and development of private entrepreneurship;

2) create conditions for the development of private entrepreneurship;

3) ensure and bear responsibility for the implementation and execution of state programs in the regions;

4) ensure the creation and development in the region of infrastructure facilities to support small-sized and medium-sized business entities and innovation activities;

5) determine the strategy for the development of relations between local executive bodies and associations of private entrepreneurs, the National Chamber and market infrastructure facilities;

6) organize the activities of expert councils;

7) provide state support for private entrepreneurship at the local level;

8) organize education, training, retraining and advanced training of specialists and personnel for small-sized and medium-sized business entities;

8-1) carry out, within their competence, the promotion of non-oil exports;

8-2) create conditions, within their competence, for the development of non-resource export;

8-3) carry out the development of national and territorial clusters;

9) carry out in the interests of local government other powers assigned to local executive bodies by the legislation of the Republic of Kazakhstan.

2. Local executive bodies of regions, cities of republican status, the capital:

1) participate in the formation and implementation of state policy in state support for industrial and innovative activities in the relevant territory;

2) develop and approve business support cards of the regions with the participation of regional chambers of entrepreneurs;

3) have the right to provide methodological, consulting, practical and other assistance to the elements of the industrial innovation infrastructure, the subjects of the industrial innovation system, carrying out state support for industrial innovation activities;

4) make proposals to the central authorized body for state planning on determining the priority sectors of the economy;

5) collect, analyze and provide information to the authorized body in state support for industrial and innovative activities on local content in the procurement of organizations in accordance with the list approved by the Government of the Republic of Kazakhstan in the form and within the deadlines established by the legislation of the Republic of Kazakhstan;

6) provide information to the authorized body in state support for industrial and innovative activities on the implementation of measures of state support for industrial and innovative activities;

7) shall have the right to create and (or) participate in the authorized capital of legal entities whose main activity shall be aimed at developing innovations and attracting investments;

8) carry out, in the interests of local government, other powers assigned to local executive bodies by the legislation of the Republic of Kazakhstan.

Footnote. Article 105 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

SECTION 3. FORMS AND MEANS OF GOVERNMENTAL REGULATION OF ENTREPRENEURSHIP

Chapter 9. PERMITS AND NOTIFICATIONS

Article 106. State regulation in permits and notifications

State regulation in permits and notifications consists in the introduction of a permitting or notification procedure for business entities to carry out certain types of activities or actions in accordance with this Code and the Law of the Republic of Kazakhstan on Permits and Notifications.

Article 107. Hazard levels of a regulated activities or actions (operations)

1. The permissive or notification procedure is introduced depending on the level of danger facing the implementation of the activities or actions (operations) and is divided into the following levels:

1) permits of the first category - licenses that are entered in relation to the types (subtypes) of the activities or actions (operations) associated with a high level of danger;

2) permissions of the second category - all permits that are not licenses entered in relation to the types (subtypes) of the activities or actions (operations) associated with the average level of danger;

3) notifications are implemented regarding the kinds of activities or actions associated with a low level of danger, but requiring the receipt of information on the commencement or termination of such activities or such actions by state bodies.

2. The hazard levels of the activities or actions (operations) are established on the basis of the analysis of the regulatory impact conducted in accordance with Article 83 of this Code.

Footnote. Article 107 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 108. Permitting and notification procedure

1. To start and subsequently carry out certain types of activities or actions (operations), business entities must have a valid permit or send a notification to the state authorities that receive notifications in the manner prescribed by the Law of the Republic of Kazakhstan "On Permits and Notifications".

An entrepreneur that has a license is recognized as a licensee.

A entrepreneur that has a valid permission of the second category is the owner of the permission of the second category.

2. The implementation by business entities of activities or actions (operations) for which the Law of the Republic of Kazakhstan "On Permits and Notifications" establishes an authorization or notification procedure without obtaining a relevant permit or without sending a corresponding notification is not allowed.

The permission must be obtained by business entities and be valid, and the notification must be sent by the entrepreneur prior to the start of the activities or action (operation) in respect of which the Law of the Republic of Kazakhstan "On Permits and Notifications" establishes an authorization or notification procedure.

3. Establishment by the Law of the Republic of Kazakhstan "On Permits and Notifications" of an authorization or notification procedure is made depending on the level of danger of an activities or action (operation) in order to protect human life and health, the environment, property, national security and law and order.

4. Exhaustive lists of permits and notifications are provided for by the Law of the Republic of Kazakhstan on Permits and Notifications.

5. The issuance, extension, re-registration, renewal and implementation of other actions prescribed by the legislation of the Republic of Kazakhstan with regard to permits, as well as annexes thereto, are public services and are not subject to the Law of the Republic of Kazakhstan "On Permits and Notifications", are regulated by the Law of the Republic of Kazakhstan "On government services".

Article 109. The procedure for the introduction and cancellation of the permit or notification procedure

1. An authorization or notification procedure is implemented only by including the relevant permission or notification in the lists of permits or notifications provided for in Annexes 1, 2 and 3 to the Law of the Republic of Kazakhstan "On Permits and Notifications".

2. In order to implement a permit or notification procedure, regulatory authorities must first conduct a regulatory impact analysis procedure in accordance with Article 83 of this Code.

3. When implementing a permit procedure in relation to an activities or action (operation) that was not previously subject to the permitting procedure, the obligation to obtain a permit arises from the entrepreneur carrying out the activities or action (operation) from the date of enactment of the regulatory legal act regulating the procedure for obtaining the permit and (or) establishing the requirements for obtaining permission.

4. Normative legal acts regulating the procedure for obtaining a permit, approving authorization or qualification requirements and (or) a list of documents confirming applicants' compliance with such requirements cannot be put into effect before the twenty-one calendar day after the day of their first official publication.

In the case of implementing a permit procedure for activities or actions (operations) that were not previously subject to a permitting procedure, applicants are may to apply for a permit prior to the enactment of regulatory legal acts regulating the procedure for obtaining a permit approving the permitting or qualification requirements, and (or) a list of documents confirming applicants' compliance with such requirements, but no later than five working days before the enactment of these acts.

At the same time, the issuance of permits or motivated refusals to issue them on applications filed in accordance with part two of this clause must be carried out by the permitting authorities after the regulatory legal acts referred to in part one of this clause come into effect in the timeframe and procedure established for their issuing.

5. Applicants who have applied for a permit in accordance with paragraph 4 of this article are may, prior to issuing a permit or a reasoned refusal to issue it, to carry out an activities or action (operation) in respect of which an authorization procedure has been introduced, without a permit, except in cases established by the Law of the Republic of Kazakhstan "On Permits and Notifications".

6. Cancellation of the permit or notification procedure is carried out by excluding the permission or notification from the lists of permits and notifications provided for in Annexes 1, 2 and 3 to the Law of the Republic of Kazakhstan "On Permits and Notifications", and entails the right of an enterprise to undertake an activities or action (operation) without permission or notice.

Footnote. Article 109 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 110. Applicants. Applicants' rights

1. Applicants can be the following business entities that applied to the appropriate licensing authority for licensing or the authorization procedure or sent a notification:

- 1) individual entrepreneur;

- 2) a legal entity;
- 3) a branch or representative office of a legal entity;
- 4) licensee;
- 5) the owner of the permission of the second category.

2. Applicants have the right to:

- 1) receive complete and accurate information about permissions and notifications;

Note by the Republican Center for Legal Information!

The procedure for the introduction of subparagraph 2) see paragraph 6 of Article 324 of the Code of the Republic of Kazakhstan dated 10.29.2015 No. 375-V.

2) to appeal against decisions, actions (inactions) of permitting authorities and state bodies that receive notifications, and (or) their officials, the Government-to-Citizens State Corporation and (or) its employees on licensing and permitting procedures or gaining notifications in accordance with the legislation of the Republic of Kazakhstan;

3) select an electronic or paper application form for obtaining a permit and (or) annex to it or sending a notification, and also choose an electronic or paper form of the issued permit and (or) annex to it, taking into account the provisions of Article 48 of the Law of the Republic of Kazakhstan "On Permits and notifications".

3. Oralmen and foreign legal entities receive permits and send notifications on a par with citizens and legal entities of the Republic of Kazakhstan, unless otherwise provided for by the laws of the Republic of Kazakhstan and international treaties of the Republic of Kazakhstan.

Article 111. Rights and obligations of the permitting authorities

1. Licensing authorities are licensors and authorities authorized to issue permits of the second category.

2. Licensing authorities, within their competence, have the right to request government bodies for information necessary for the implementation of a licensing or permit procedure, including through information systems.

3. Licensing authorities are obliged:

1) to carry out licensing and authorization procedures in accordance with this Code and the Law of the Republic of Kazakhstan "On Permits and Notifications";

2) to create the necessary conditions for persons with disabilities when they receive permits;

3) to provide in an accessible form complete and reliable information on licensing, authorization procedures, the list of required documents and the procedure for obtaining and processing such documents;

Note by the Republican Center for Legal Information!

The procedure for the introduction of subparagraph 4), see paragraph 7 of Article 324 of the Code of the Republic of Kazakhstan dated 10.29.2015 No. 375-V.

4) to provide state bodies and the State Corporation for Citizens with documents and (or) information necessary for the implementation of licensing and authorization procedures, including through information systems;

5) to take measures aimed at restoring the violated rights, freedoms and legitimate interests of applicants, licensees and holders of permits of the second category;

6) within their competence, to ensure the smooth functioning and filling of information systems containing the necessary information for issuing permits;

7) to obtain the written consent of applicants, licensees and holders of permits of the second category, including in the form of an electronic document, to use personal data of limited access, constituting a secret protected by law, contained in information systems when issuing permits, unless otherwise provided for by the laws of the Republic of Kazakhstan.

Article 112. Implementation of licensing, authorization procedures and electronic notifications

1. Licensing and sending of notifications shall be carried out in electronic form using the state information system of permits and notifications and the state electronic register of permits and notifications.

Permitting procedures are carried out in electronic form using the state information system of permits and notifications and the state electronic register of permits and notifications subject to the provisions of paragraph 3 of Article 52 of the Law of the Republic of Kazakhstan "On Permits and Notifications".

2. The procedure for filing an application, issuing permits and (or) annexes to a permit is regulated by the Law of the Republic of Kazakhstan on Permits and Notifications.

3. The state electronic register of permits and notifications is maintained by the permitting authorities on an ongoing basis.

The state electronic register of permits and notifications of notifications is maintained by state bodies that receive notifications, in cases provided for by the legislation of the Republic of Kazakhstan.

Chapter 9-1. INFORMATION INSTRUMENTS

Footnote. Section 3 is supplemented by Chapter 9-1 in accordance with the Law of the Republic of Kazakhstan No. 156-VI dated 24.05.2018 (shall be enforced upon expiry of six months after its first official publication).

Article 112-1. Information instruments

1. By information instruments shall be the requirements for information to state agencies or other persons established in regulatory legal acts that simultaneously meet all of the following criteria:

1) delivery of information shall be compulsory and failure to provide shall entail the responsibility in accordance with the Laws of the Republic of Kazakhstan;

2) information shall be delivered by private business entities.

2. The provisions of this Chapter shall not apply to information instruments available for tax, customs, financial policies, statistical activities, as well as apply to one regulation entity.

In order of this Chapter, by financial policy shall be a set of relations related to the activities of financial organizations, insurance market participants, non-financial organizations, microfinance organizations, collection agencies, large participants of financial organizations, issuers of issuing securities, credit bureaus, members of insurance groups and banking conglomerates, payment services market entities, with the regulation of currency relations, provision of financial services, as well as issuance, circulation, redemption and cancellation of financial instruments.

Footnote. Article 112-1 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 112-2. Types of information instruments

Information instruments shall be of the following types:

- 1) periodic reporting submitted on a regular basis to state authorities;
- 2) one-time information on the initiative of state authority, with the exception of information delivered only in the exercise of state control and supervision by state authorities;
- 3) one-time delivery of information to state authorities in cases provided by the legislation of the Republic of Kazakhstan, except for those delivered at the initiative of a private business entity within authorization procedures or other initiative appeals;
- 4) information delivered to third parties in cases expressly provided by the legislation of the Republic of Kazakhstan.

Article 112-3. Features for introduction of information instruments

1. Information instruments shall be introduced only in cases expressly provided by regulatory legal acts.

2. After the enactment of regulatory legal acts providing for the introduction of information instruments, the regulating state authority should initiate additions to the list of information instruments.

Chapter 10. TECHNICAL REGULATION

Article 113. State regulation in technical regulation

State regulation in technical regulation consists in determining, establishing, applying and executing mandatory requirements for products, services, processes, conformity assessment, accreditation, control in accordance with this Code and the legislation of the Republic of Kazakhstan in technical regulation.

Article 114. Objects of technical regulation

The objects of technical regulation are products, services, processes.

Article 115. Subjects of technical regulation

Subjects of technical regulation are state bodies, as well as individuals and legal entities operating in the territory of the Republic of Kazakhstan and possessing the right to use objects of technical regulation in accordance with the civil legislation of the Republic of Kazakhstan.

Chapter 11. STATE REGULATION OF PRICES AND RATES

Article 116. State regulation of prices and tariffs of entrepreneurs

1. Prices and tariffs for goods, works, services are determined by business entities on their own, with the exception of cases provided for in this Code.

2. The state establishes the regulation of prices and tariffs in order to ensure national security, protect public order, human rights and freedoms, and public health in the Republic of Kazakhstan.

3. The state regulates prices and tariffs for the following goods, works, services of entrepreneurs:

- 1) for socially important food products;
- 2) for goods, works, services in natural monopoly;
- 3) for goods, works, services produced and sold by subjects of the state monopoly;
- 4) for goods (works, services) in respect of which state price regulation has been introduced;
- 5) for goods, works, services in international business transactions and transactions related to international business transactions arising from transfer pricing;
- 6) on retail sales of petroleum products for which state regulation of prices has been established;
- 6-1) approval of marginal prices for medicinal products;
- 7) the establishment of minimum prices for vodka and vodka special, strong alcoholic beverages;
- 8) the establishment of minimum retail prices for filtered cigarettes, plain cigarettes and cigarettes;
- 9) in commodity markets that are not in a state of natural monopoly, in certain cases, including emergency situations, natural disasters, national security, provided for that the problems that have arisen cannot be solved in a way that has less negative consequences for the state of competition;
- 10) approval of marginal prices for wholesale of marketable gas in the domestic market of the Republic of Kazakhstan and marginal prices for liquefied petroleum gas sold as part of the plan to supply liquefied petroleum gas to the domestic market of the Republic of Kazakhstan outside electronic trading platforms;

- 11) approval of the price of raw and marketable gas purchased by the national operator under the preemptive right of the state;
- 12) approval of tariffs for energy producing organizations;
- 13) on subsidized services;
- 14) in socially significant markets.

Footnote. Article 116 as amended by the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be enforced upon the expiry of twenty one calendar day after the date of its first official publication); dated 09.04.2016 No. 499-V (shall be entered into force upon the expiry of ten calendar days after the day of its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018); dated 04.07.2018 No. 173-VI (shall be entered into force upon the expiry of ten calendar days after the day of its first official publication); No. 211-VI dated 28.12.2018 (shall be enforced upon expiry of three months after its first official publication).

Article 117. Pricing for socially important food products

1. The Government of the Republic of Kazakhstan approves the list of socially significant food products.

The threshold values of retail prices for socially important food products, the size of the maximum permissible retail prices for socially important food products are approved by local executive bodies.

The threshold value of retail prices for socially important food products is the permissible level of retail prices, established in order to prevent unreasonable price increases, to keep inflation within acceptable limits and to ensure macroeconomic stability in the country to which a entrepreneur has the right to determine retail prices for socially important food products.

The maximum allowable retail prices for socially important food products are recognized as the level of retail prices set by local executive bodies in the event that the threshold values of retail prices for socially important food products are exceeded.

2. When concluding contracts for the supply of socially important food products, the size of the marginal markup must be established on a mandatory basis. A transaction made in violation of this requirement is not valid.

3. In case of exceeding the threshold values of retail prices for socially important food products in the region, the city of republican status, the capital, the local executive body, after consulting with the subjects of trading activities, has the right to set the size of the maximum allowable retail prices for them in the region, city of republican status, the capital for a period of not more than ninety calendar days.

Footnote. Article 117 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 118. Formation of tariffs for regulated services of natural monopoly entities

1. Formation of tariffs for regulated services of natural monopoly entities shall be carried out in accordance with the legislation of the Republic of Kazakhstan on natural monopolies.

2. Natural monopoly shall be the state of market for goods, works and services, in which the creation of competitive conditions to meet the demand for a certain type of goods, works and services shall be impossible or economically inexpedient due to the technological features of production and provision of this type of goods, works and services.

Footnote. Article 118 is in the wording of the Law of the Republic of Kazakhstan No. 243 -VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Note by the Republican Center for Legal Information!

The order of entry into force of Article 119, see paragraph 9 of Article 324 of the Code of the Republic of Kazakhstan dated 10.29.2015 No. 375-V.

Article 119. State Price Regulation

As a temporary measure for a certain period on the territory of the Republic of Kazakhstan, in the order determined by the antimonopoly authority, state price regulation may be introduced in certain commodity markets and (or) for goods (works, services) of individual market entities.

The general term of application of state price regulation stipulated by this Article may not exceed one hundred and eighty calendar days within one year.

Article 120. Pricing for goods, works, services produced and sold by subjects of state monopoly

1. The pricing rules for goods, works, services produced and sold by a state monopoly entity shall be approved by the antimonopoly authority.

Authorized state bodies hold public hearings when considering applications of state monopoly entities in accordance with the pricing rules for goods, works, services produced and sold by a state monopoly entity.

1-1. The antimonopoly body examines the prices of goods, works, services produced and sold by a state monopoly entity in accordance with the pricing rules for goods, works, services produced and sold by a state monopoly entity.

1-2. To conduct an examination of prices, the subjects of the state monopoly must submit in writing:

1) information on selling prices with justification materials confirming the price level, no later than thirty calendar days from the date of the implementation of the state monopoly on goods, works, services;

2) notifying at least thirty calendar days prior about the upcoming change (increase and (or) decrease) in prices for goods, works, services and the reasons for their change (increase and (or) decrease) with the provision of supporting materials confirming the reasons for the change (increase and (or) reductions).

1-3. The term of the examination is not more than ninety calendar days from the date of receipt of the notice or information for consideration. The total duration of the examination shall not exceed one hundred twenty calendar days.

1-4. During consideration of a notification or information, the antimonopoly body has the right to request, within the terms established by this Code, from the state monopoly entity additional information and (or) documents necessary for making a decision.

1-5. For the period of submission of additional information and (or) documents, the period of consideration shall be suspended until the subject of the state monopoly submits relevant additional information and (or) documents.

1-6. The antimonopoly authority resumes consideration of the notification or information after the submission of additional information and (or) documents by the state monopoly entity.

1-7. Calculation of the date of examination continues from the date of its renewal.

A state monopoly is the exclusive right of the state to manufacture, sell or buy any product in a competitive market, introduced in the manner prescribed by this Code.

The implementation of the exclusive right is carried out by creating a state monopoly entity. Only a state enterprise created by the Government of the Republic of Kazakhstan or local executive bodies of regions, cities of republican status, the capital by decision of the Government of the Republic of Kazakhstan can be the subject of a state monopoly, with the exception of the State Corporation "Government for Citizens".

Footnote. Article 120 as amended by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 28.12.2017 No. 128-VI (shall be entered into force upon the expiry of ten calendar days after the day of its first official publication); dated 24.05.2018 No. 156-VI (shall be entered into force upon the expiry of ten calendar days after the day of its first official publication).

Article 120-1. Pricing in socially significant markets

Pricing in socially significant markets is carried out in accordance with the pricing rules in socially significant markets, approved by the authorized body that manages natural monopolies.

Footnote. The Code is supplemented by Article 120-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 121. Regulation of prices for goods, works, services in international business operations and transactions related to international business operations

1. In the Republic of Kazakhstan, the regulation of prices for goods, works, services in international business operations and transactions related to international business operations arising from transfer pricing is carried out in accordance with the Law of the Republic of Kazakhstan on Transfer Pricing.

2. The transfer price (transfer pricing) is the price that is formed between the interrelated parties and (or) differs from the objectively emerging market price with regard to the price

range when making transactions between independent parties and is subject to control in accordance with the Law of the Republic of Kazakhstan "On Transfer Pricing".

3. International business operations are export and (or) import transactions for the sale of goods; transactions for the performance of work, the provision of services, one of the parties to which is a non-resident operating in the Republic of Kazakhstan without a permanent establishment; transactions of residents of the Republic of Kazakhstan, committed outside the territory of the Republic of Kazakhstan, for the sale and purchase of goods, the performance of work, and the provision of services.

Article 122. Pricing for retail sales of petroleum products for which state regulation of prices is established

1. The state regulates prices for retail sales of petroleum products in accordance with the legislation of the Republic of Kazakhstan on state regulation of production and turnover of certain types of petroleum products.

Note by the Republican Center for Legal Information!

The procedure for the introduction of paragraph 2, see clause 10 of article 324 of the Code of the Republic of Kazakhstan dated 10.29.2015 No. 375-V.

2. The authorized body in production of petroleum products in coordination with the authorized body exercising leadership in the areas of natural monopolies, in the manner approved by the authorized body in petroleum products, establishes maximum prices for retail sales of petroleum products, for which state price regulation is established.

3. Retail distributors of petroleum products during the sale of petroleum products must not exceed the established marginal prices for retail sales of petroleum products for which state regulation of prices is established.

4. In cases of state regulation of prices for retail sales of petroleum products, marginal prices are set not more than once a month.

Article 122-1. Approval of marginal prices for medicinal products

1. The state shall approve marginal prices for medicinal products in accordance with the legislation of the Republic of Kazakhstan for health care.

2. The state control over compliance with the procedure for pricing medicinal products shall be carried out by the authorized agency for health care in the manner established by the legislation of the Republic of Kazakhstan for health care.

Footnote. Chapter 11 is supplemented by Article 122-1 in accordance with the Law of the Republic of Kazakhstan No. 211-VI dated 28.12.2018 (shall be enforced upon expiry of three months after its first official publication).

Article 123. Establishing minimum retail prices for special vodka and vodka, strong alcoholic beverages

The state establishes minimum retail prices for special vodka and vodka, strong alcoholic beverages in accordance with the legislation of the Republic of Kazakhstan on state regulation of the production and circulation of ethyl alcohol and alcoholic beverages.

Article 124. The establishment of minimum retail prices for filtered cigarettes, plain cigarettes and cigarettes

The state establishes minimum retail prices for filtered cigarettes, plain cigarettes and cigarettes in accordance with the legislation of the Republic of Kazakhstan on state regulation of the production and turnover of tobacco products.

Footnote. Article 124 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (shall be enforced from 01.01.2018).

Article 124-1. Approval of marginal prices for the wholesale of marketable gas in the domestic market of the Republic of Kazakhstan and marginal prices for liquefied petroleum gas sold as part of the plan to supply liquefied petroleum gas to the domestic market of the Republic of Kazakhstan outside electronic trading platforms

The state approves the marginal prices for the wholesale of marketable gas in the domestic market of the Republic of Kazakhstan and the marginal prices for liquefied petroleum gas sold as part of the plan for the supply of liquefied petroleum gas to the domestic market of the Republic of Kazakhstan outside electronic trading platforms, in accordance with the legislation of the Republic of Kazakhstan on gas and gas supply.

Footnote. Chapter 11 is supplemented by Article 124-1 in accordance with the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be enforced upon twenty-one calendar days after the day of its first official publication); as amended by the Law of the Republic of Kazakhstan dated 04.07.2018 No. 173-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 124-2. Approval of the price of raw and marketable gas purchased by the national operator under the preemptive right of the state

The state approves the price of raw and marketable gas purchased by the national operator under the preemptive right of the state, in accordance with the legislation of the Republic of Kazakhstan on gas and gas supply.

Footnote. Chapter 11 is supplemented by Article 124-2 in accordance with the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be entered into force upon the expiry of twenty one calendar days after the day of its first official publication).

Article 124-3. Tariff formation of energy producing organizations

The tariff formation of energy-producing organizations is carried out in accordance with the legislation of the Republic of Kazakhstan on the electric power industry.

Footnote. Chapter 11 is supplemented by Article 124-3 in accordance with the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be entered into force upon the expiry of twenty one calendar days after the day of its first official publication).

Article 124-4. Regulation of prices for subsidized services

The state regulates the prices of subsidized services in mail, communication and transportation in accordance with the legislation of the Republic of Kazakhstan on mail, communication, road transport and rail transport.

Footnote. Chapter 11 is supplemented by Article 124-4 in accordance with the Law of the Republic of Kazakhstan dated 09.04.2016 No. 499-V (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Chapter 11-1. Socially significant markets

Footnote. The Code is supplemented by Chapter 11-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 124-5. Socially significant markets

1. State regulation of prices applies to goods (works, services) of subjects of socially significant markets in the areas of:

Note by the Republican Center for Legal Information!

Subparagraph 1) is valid until 01.01.2020 (see Article 2 of the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI).

1) retail sale of electric energy by energy supplying organizations;

2) the organization and conduct of centralized trading of electric energy, ensuring the readiness of the trading system to conduct centralized trading, centralized purchase and sale of electric energy produced by facilities for the use of renewable energy sources;

Note by the Republican Center for Legal Information!

Subparagraphs 3) - 5) are valid until January 1, 2020 (see Article 2 of the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI).

3) retail sales of marketable gas, retail sales of liquefied petroleum gas through group tank installations;

4) provision of airport services on domestic flights: boarding-unloading of passengers (via a telescopic ladder), leasing airport premises used for the goal of ensuring the transportation process, cargo handling, provision of a workplace (area) for passenger registration, provision of aircraft with aviation fuel-lubricants;

5) provision of services for the carriage of goods by rail and locomotive traction, with the exception of:

services for the lease of railway freight cars and services of the operator of cars (containers);

services for the carriage of goods by rail in transit through the territory of the Republic of Kazakhstan;

services for the carriage of goods in containers, piggybacking, empty containers and empty fitting platforms by rail.

2. State regulation of prices in the areas specified in subparagraphs 1) and 3) of paragraph 1 of this article shall apply to market entities whose state regulation of prices and state control over pricing were carried out before January 1, 2017.

3. State regulation of prices in the areas indicated in subparagraphs 1) and 3) of paragraph 1 of this article also applies to market entities that in total meet the following conditions:

1) after January 1, 2017 provide services to consumers who were previously provided for with services by regulated market entities whose state regulation of prices and state control over pricing was carried out before January 1, 2017;

2) the volume of services rendered to consumers specified in subparagraph 1) of this paragraph is thirty-five or more percent of the volume of services of a market entity, the state regulation of prices and state control over pricing of which were carried out before January 1, 2017.

4. The authorized agency managing for natural monopolies, in exercising state control over compliance with the pricing procedure and obligations of entity of socially significant market shall coordinate with law enforcement agencies within the competence established by the legislation of the Republic of Kazakhstan.

Footnote. Article 124-5 as amended by the Law of the Republic of Kazakhstan dated 24.05.2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication); No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 124-6. Competence of the authorized body exercising leadership in the areas of natural monopolies in socially significant markets

Authorized body exercising leadership in the areas of natural monopolies:

1) develops proposals for the formation of state policy in socially significant markets;

2) carries out state regulation of prices and state control over the observance of the pricing procedure and the obligations of the subject of the socially significant market;

3) develops and approves pricing rules for socially significant markets;

4) monitors the prices of subjects of socially significant markets;

5) coordinates the marginal prices for goods (works, services) sold by subjects of socially significant markets;

5-1) reduces the marginal prices of goods (works, services) sold by entities of socially significant markets in the amount of income received in connection with:

non-fulfillment of investment program measures accounted in marginal prices;

non-use of funds for purchase and (or) transmission of electrical energy, commercial gas, accounted in marginal prices;

exceeding the volume for consumption of goods (works, services), including individual groups of consumers, accounted in marginal prices;

exceeding the marginal price of goods (works, services) agreed upon by the authorized agency managing for natural monopolies;

6) conducts public hearings when considering notifications of subjects of socially significant markets about the upcoming price increases for goods (works, services);

7) make mandatory to the subject of the socially significant market instructions for the execution of its obligations under this Code;

8) in the event that a subject of a socially significant market fails to comply with the prescription, it will file a lawsuit in court to force the subject of the socially significant market to perform the actions specified in the prescription;

9) initiates and examines cases of administrative offenses, as well as imposes administrative penalties in the manner established by the Administrative Offenses Code of the Republic of Kazakhstan;

10) requests and receives information necessary for the exercise of its powers from the subjects of socially significant markets in compliance with the requirements established by the legislative acts of the Republic of Kazakhstan for disclosing information constituting commercial and other secrets protected by law;

11) exercises other powers provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Footnote. Article 124-6 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 124-7. State regulation of prices and state control over compliance with the pricing procedure and the obligations of the subject of the socially significant market

1. State regulation of prices and state control over the observance of pricing procedures and obligations of a subject of a socially significant market are carried out in order to protect the interests of consumers and subjects of socially significant markets.

2. The subject of a socially significant market is an individual or legal entity that produces (sells) goods (works, services) in socially significant markets.

3. The state control over compliance with the procedure for pricing and obligations of entity of socially significant market shall be carried out by the authorized agency managing for natural monopolies, in the manner established by this Code and the rules of pricing for socially significant markets.

Footnote. Article 124-7 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 124-8. Obligations of the subject of socially significant market

The subject of the socially significant market is obliged:

1) to submit to the authorized body exercising leadership in the areas of natural monopolies the following information:

monthly information on the volumes of production (sales), the level of profitability and selling prices of the produced (realized) goods (works, services) in the form approved by the authorized body exercising leadership in the fields of natural monopolies, no later than the last day of the month following the reporting month;

quarterly financial statements in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting no later than the last day of the month following the reporting quarter;

not later than August 1 of the current calendar year and May 1 of the next calendar year, information on the results of the half year, year on performance or non-performance of the investment program, considered in marginal price, in the form approved by the authorized agency managing for natural monopolies;

information necessary for price examination, in electronic form within the terms established by the authorized agency managing for natural monopolies, which shall not be less than five working days from the date of receipt the relevant requirement by entity of socially significant market;

information on selling prices with justifying materials confirming the price level, not later than thirty calendar days from the date of introduction the state regulation of prices or from the date of the start production (sale) of goods, works, services, or not less than thirty calendar days before the upcoming increase in selling price for goods, work, services;

a half year information on use of funds for purchase and (or) transmission of electric energy, commercial gas, accounted in marginal price, with attachment of supporting materials not later than the twenty fifth day of the month following the reporting period, except for entities of socially significant markets specified in subparagraphs 2), 4) and 5) of Paragraph 1 of Article 124-5 of this Code;

2) to provide information on upcoming price increases for goods (works, services) above the marginal price and the reasons for their increase with the submission of supporting materials confirming the reasons to the authorized agency managing for natural monopolies, in electronic form, not less than for thirty calendar days;

3) comply with the procedure for pricing in socially significant markets;

4) execute measures of the investment program (project), taken into account in marginal prices in accordance with the procedure for pricing in socially significant markets;

4-1) to place in mass media in the manner determined by the authorized agency managing for natural monopolies:

a half year information on use of funds for purchase and (or) transmission of electric energy, commercial gas, accounted in marginal price, not later than the twenty fifth day of the month following the reporting period, except for entities of socially significant markets specified in subparagraphs 2), 4) and 5) of Paragraph 1 of Article 124-5 of this Code;

a half year information on income received as a result of the excess consumption of goods (work, services), including individual groups of consumers, accounted in marginal price, not later than the twenty-fifth day of the month following the reporting period;

a half year information on performance or non- performance of the investment program accounted in marginal price, not later than the twenty-fifth day of the month following the reporting period;

information on increase in marginal prices for goods (works, services) and justifying materials not later than five working days from the date of its referral for approval to the authorized agency managing for natural monopolies;

5) return the income received and not used for the implementation of investment programs (projects) recorded in marginal prices directly to consumers or if it is impossible to establish a complete list of consumers by lowering the marginal price level for the upcoming period in accordance with the pricing procedure in socially significant markets;

6) return the income received as a result of an unjustified excess of the marginal price directly to consumers no later than thirty calendar days from the moment of the establishment of such a fact by the authorized body that manages natural monopolies, or by reducing the marginal price level for the upcoming period in accordance with the procedure for pricing socially significant markets if it is impossible to establish a complete list of consumers;

7) comply with the instructions of the authorized body exercising leadership in the areas of natural monopolies, within the terms established by the authorized body exercising leadership in the areas of natural monopolies, not exceeding thirty calendar days from the date of their receipt;

8) to place information on selling prices, on the results of public hearings and financial reporting on its Internet resource or Internet resource of the authorized agency managing for natural monopolies.

Footnote. Article 124-8 as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 124-9. Rights and obligations of a consumer of services (goods, works) of a subject of a socially significant market

1. A consumer of services (goods, works) of a subject of a socially significant market is may to:

1) acquire services (goods, works) of a subject of a socially significant market in the manner and at prices not exceeding the marginal prices (charge rates) established by the authorized body exercising leadership in the areas of natural monopolies;

2) appeal in a court of law the actions (inactions) of the authorized body exercising leadership in the areas of natural monopolies, as well as the decisions made by it;

3) appeal to the authorized body exercising leadership in the areas of natural monopolies, and (or) in court the actions (inaction) of the subject of the socially significant market that contradict the legislation of the Republic of Kazakhstan;

4) participate in public hearings;

5) have other rights provided for by the legislation of the Republic of Kazakhstan.

2. A consumer of services (goods, works) of a subject of a socially significant market is obliged:

1) timely and fully pay for services (goods, works) of a subject of a socially significant market at prices not exceeding marginal prices (charge rates) established by the authorized body that manages natural monopolies;

2) fulfill the technical requirements established by the subject of the socially significant market in accordance with the legislation of the Republic of Kazakhstan.

Article 124-10. State control over compliance with the pricing procedures and obligations of entity of socially significant market

1. The state control over compliance with the pricing procedures and obligations of entity of socially significant market shall be carried out in the form of verification and preventive control with a visiting the entity (object) subject to control by the authorized agency, managing for natural monopolies, and its territorial divisions or the authorized agency for civil aviation in accordance with this Code.

2. In exercising state control over compliance with the pricing procedures and obligations of entity of socially significant market, the following response measures shall be taken:

1) initiation of the case on administrative offence;

2) issuing the prescription on elimination the offence for the pricing procedure and obligations of entity of socially significant market;

3) transfer of materials to law enforcement and other authorities.

3. Preventive control without visiting the entity (object) subject to control shall be carried out in accordance with this Code.

Preventive control without visiting the entity (object) subject to control shall be carried out by the authorized agency managing for natural monopolies and its territorial divisions or by the authorized agency for civil aviation without visiting the entity (object) subject to control based on the analysis and data of information systems, open sources, mass media, as well as other information on the activities of the entity (object) subject to control.

4. The entities subject to control shall be entities of socially significant markets.

5. The objectives of preventive control without visiting the entity (object) subject to control shall be the timely suppression and prevention of violations, granting the entity (object) subject to control the right to independently eliminate violations identified by the results of preventive control without visiting the entity (object) subject to control and reducing the administrative burden on the entity subject to control.

For granting the right to independently eliminate the violations to the entity subject to control, preventive control without visiting the entity (object) subject to control shall be carried out only for those violations whose consequences can be eliminated in accordance with the legislation of the Republic of Kazakhstan.

6. According to the results of preventive control without visiting the entity (object) subject to control, a recommendation on elimination of the identified violations shall be made without initiating the case on administrative offence with compulsory explanation of the procedure for its elimination to the entity subject to control.

7. The recommendation on elimination of the violations identified by the results of preventive control without visiting the entity (object) subject to control shall be delivered to the entity subject to control in person by hand or otherwise confirming the facts of sending and receiving.

The recommendation on elimination of the violations identified as a result of preventive control without visiting the entity (object) subject to control, directed by one of the following ways, shall be considered to be delivered in the following cases:

1) by personal delivery - from the date of acknowledgement of receipt the recommendation;

2) by mail - by registered letter with notification;

3) by electronic means - from the date of sending to the email address of the entity subject to control by the authorized agency managing for natural monopolies and its territorial divisions or by the authorized agency for civil aviation, specified in the letter upon requesting by the authorized agency managing for natural monopolies, and its territorial divisions or authorized agency for civil aviation.

8. The recommendation on elimination of the violations identified by the results of preventive control without visiting the entity (object) subject to control should be executed within ten working days from the day following the day of its delivery.

9. In case of disagreement with the violations specified in the recommendation, the entity subject to control shall have the right to send the objection to the authorized agency managing for natural monopolies and its territorial divisions or the authorized agency for civil aviation sending the recommendation, within five working days from the day following the day of its delivery.

10. Nonperformance in the established period of the recommendation on elimination of violations identified by the results of preventive control without visiting the entity (object) subject to control shall entail the appointment of preventive control with a visiting to the entity (object) subject to control by inclusion in a half year list of the preventive control with a visiting the entity (object) subject to control.

11. Preventive control without visiting in respect of entities (objects) subject to control shall be carried out no more than once a quarter.

Footnote. Chapter 11-1 is supplemented by Article 124-10 in accordance with the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 12. COMPULSORY INSURANCE

Article 125. Compulsory insurance of civil liability of business entities

Compulsory insurance of civil liability of business entities is established by the laws of the Republic of Kazakhstan.

Article 126. Purpose of compulsory insurance

The purpose of compulsory insurance is to compensate for the harm inflicted to life and (or) health, property of third parties, the environment, through insurance compensation.

Article 127. Target of compulsory insurance of civil liability of business entities

The target of compulsory insurance of civil liability of business entities is the property interest of business entities related to its duty, established by the civil legislation of the Republic of Kazakhstan, to reimburse property damage inflicted to life and (or) the health of individuals, property of third parties, the environment in in the course of entrepreneurial activities.

Article 128. Implementation of compulsory insurance

1. Compulsory insurance contracts for civil liability shall be concluded by business entities in the event of compensation for harm inflicted to life and (or) health of individuals, property of third parties, and the environment in the course of entrepreneurial activities.

2. The conclusion by business entities of a voluntary insurance contract of its civil liability for harm inflicted to life and (or) health, property of third parties, the environment associated with entrepreneurial activities does not exempt him from the obligation to enter into the relevant compulsory liability insurance contract of business entity provided for by the laws of the Republic of Kazakhstan.

Chapter 13. STATE CONTROL AND SUPERVISION

Paragraph 1. General provisions on state control and supervision

Article 129. Relations in the field of state control and supervision

1. Relations in the field of state control and supervision shall be regulated in order to establish common legal foundations of state control and supervision in the Republic of Kazakhstan and shall be aimed at establishing unified principles for carrying out state control and supervisory activities, as well as protecting the rights and legitimate interests of state bodies, individuals and legal entities in respect of which state control and supervision is exercised.

2. State regulation of relations in the organization of control and supervision of performers of control and supervision is carried out in accordance with this Code, regardless

of the legal status and kinds of activities, except as provided for in paragraph 5 of this article and paragraphs 3 and 5 of article 140 of this Code.

3. This Code shall establish:

1) the procedure for conducting inspections carried out by the control and supervision bodies;

2) the procedure for the interaction of control and supervision bodies during inspections;

3) the rights and obligations of the inspected performers during the state control and supervision, measures to protect their rights and legitimate interests;

4) the rights and obligations of the bodies of control and supervision and their officials during inspections.

4. The operation of this chapter, except as to Articles 130 and 131 of this Code, does not apply to relations connected with:

1) state control in the field of customs;

2) control over the fulfillment by the subsoil users of the conditions of contracts and (or) licenses for subsoil use.

5. The effect of this chapter does not apply to relations in the fields of:

1) higher supervision exercised by the prosecutor's office;

2) control and supervision in the course of pre-trial proceedings in criminal cases;

3) justice;

4) operational investigations;

4-1) counterintelligence activities;

5) control over compliance with the requirements of the legislation of the Republic of Kazakhstan on State Secrets.

6. Excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

7. The relations listed in paragraphs 4 and 5 of this article, in terms of internal control, are covered by Article 7 of the Law of the Republic of Kazakhstan “On Administrative Procedures”.

8. Relations arising from the control and supervision referred to in paragraphs 4 and 5 of this article shall be established by the laws of the Republic of Kazakhstan governing relations in these fields.

9. State control and supervision in relation to business entities shall be carried out only in the fields of activity of business entities provided for in Articles 138 and 139 of this Code.

10. In order to include new fields in Articles 138 and 139 of this Code, regulatory state bodies shall first conduct a regulatory impact analysis procedure in accordance with Article 83 of this Code.

11. Excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

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12. In cases expressly provided for by the laws of the Republic of Kazakhstan, the provisions of this chapter shall apply to relations regulated by these laws.

Footnote. Article 129 as amended by the Law of the Republic of Kazakhstan dated January 14, 2016 No. 445-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated December 28, 2016 No. 36-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 130. Objectives of state control and supervision

1. The objective of state control and supervision shall be the security assurance of performed and implemented production by the inspected performer, technical process for life and health of people, protection of their property, security for environment, national security of the Republic of Kazakhstan, including the economic security, prevention of deceitful practices, saving of natural and energy resources, competitive growth of the national production and protection of the constitutional rights, freedoms and legal interests of individuals and legal entities.

2. State bodies shall be prohibited to enact the regulatory legal acts on the issues of procedure for conducting the inspections of business entities, with the exception of regulatory legal acts, provided by paragraphs 2 and 3 of article 141, and paragraph 1 of article 143 of this Code.

Footnote. Article 130 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 131. Guarantees in the course of state control and supervision

1. State control over the activities of business entities shall be exercised by state bodies that have such a right granted by this Code and the laws of the Republic of Kazakhstan.

2. State control and supervision of entrepreneurship is carried out on the basis of the principles of independence, objectivity, impartiality, and reliability of forms of control and supervision.

3. The state guarantees accountability and transparency of the system of state control and supervision.

4. State control and supervision shall be carried out on the basis of encouragement of fair inspected performers, concentration of control and supervision on violators.

Article 132. Performers and targets of state control and supervision. Requirements for the activities of performers (targets) of state control and supervision

1. The performers of state control and supervision are individuals, legal entities, including state bodies, branches and representations of legal entities, the state control and supervision of activity of which shall be carried out.

The target of state control and supervision is the property on the right of ownership or other legal basis of the performer of state control and supervision, subject to state control and supervision.

2. The requirements for the activities of performers (targets) of state control and supervision are established by regulatory legal acts, and in cases provided for by the laws of the Republic of Kazakhstan, only by laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan and resolutions of the Government of the Republic of Kazakhstan.

Footnote. Article 132 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 133. Guarantees of the private business entities upon carrying out of state control and supervision by law enforcement bodies

In relation to the private business entities, the law enforcement bodies shall conduct measures of control and (or) supervision only within the operational investigations, criminal prosecution, administrative proceedings and (or) implementation of regulatory functions, carried out by the law enforcement bodies, as well as in other cases, provided by the Laws of the Republic of Kazakhstan.

Article 134. State control

1. The state control (hereinafter - control) is the activity of the control and supervision body on inspection and monitoring for compliance of the activities of the inspected performers with the requirements established by the legislation of the Republic of Kazakhstan, in the course of implementation and as a result of which measures of legal restraint can be applied without prompt response.

2. The control shall be divided into internal control and external control.

3. The procedure for conducting internal control is determined by the Law of the Republic of Kazakhstan "On Administrative Procedures".

4. The external control is the control exercised by the control and supervision body to inspect and monitor the activities of the inspected performers for compliance with the requirements specified in paragraph 2 of Article 132 of this Code.

The procedure for external control is determined by Article 137 and paragraph 2 of Chapter 13 of this Code.

According to the results of external control, in case of detection of violations of the legislation of the Republic of Kazakhstan, the state bodies, within their competence, initiate administrative, disciplinary proceedings or initiate appropriate statements of claim within

their competence and (or) take other measures stipulated by the laws of the Republic of Kazakhstan.

Article 135. State supervision

1. The state supervision (hereinafter - supervision) is the activity of the control and supervision body on inspection, prevention and monitoring for compliance of the performers of supervision with the requirements of the legislation of the Republic of Kazakhstan with the right to apply prompt response measures during its implementation, according to the results of which administrative penalties can be applied.

2. The supervision consists in the application by the authorized state body of legal restraint measures for prompt response without initiating administrative proceedings.

3. The supervision shall be divided into:

1) supreme supervision exercised by the prosecutor's office on behalf of the state in accordance with the Constitution of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On the Prosecutor's Office" and other legislation of the Republic of Kazakhstan;

2) supervision exercised by authorized state bodies in the manner and on conditions established by this Code and other laws of the Republic of Kazakhstan.

Footnote. Article 135 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 136. Prompt response measures

1. The prompt response measures are the methods provided by the laws of the Republic of Kazakhstan of influence on the inspected performers in order to prevent the onset of socially dangerous consequences, which are used in the course of implementation and as a result of the inspection.

2. The legal restraint measures of prompt response shall be provided for by the laws of the Republic of Kazakhstan and shall be applied by state bodies in case the activity, goods (work, service) of the inspected performer poses a direct threat to constitutional rights, freedoms and legitimate interests of individuals and legal entities, human life and health, and the environment, the national security of the Republic of Kazakhstan.

Article 137. Forms of control and supervision

1. The control and supervision over the activities of performers (targets) of control and supervision shall be carried out in the form of:

1) inspections, the procedure of organization and conduct of which is determined by this Code, and in cases provided for by this Code, by other laws of the Republic of Kazakhstan;

2) preventive control and supervision of preventive nature, unless otherwise provided by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code), the procedure of organization and conduct of which is determined by this Code and other laws of the Republic of Kazakhstan.

2. The preventive control and supervision shall be divided into:

1) preventive control and supervision with a visit to the performer (target) of control and supervision;

2) preventive control and supervision without visiting the performer (target) of control and supervision.

3. The preventive control and supervision with a visit to the performer (target) of control and supervision shall be the control and supervision exercised by the control and supervision body with respect to a specific performer (target) of control and supervision in accordance with paragraph 3 of Article 141 of this Code, aimed at prevention, presentation recommendations to eliminate the causes and conditions of the commission of violations in order to prevent them and prevent the occurrence of a threat to human life and health, the environment, the legitimate interests of individuals and legal entities of the state.

According to the results of preventive control and supervision with a visit to the performer (target) of control and supervision, the improvement notice to rectify the violations shall be compiled without initiating an administrative violation case, with the exception of the cases established in part three of this paragraph.

The control and supervision agency shall initiate the cases on administrative offences upon carrying out the control for support and protection of business entities, for natural monopolies, over the compliance with the pricing procedures and obligations of the entities of socially significant market established by this Code.

4. In the event of gross violations in accordance with the criteria for assessing the degree of risk, with the exception of permissive control of the applicant's compliance with qualifying or permissive requirements prior to issuing of a permit and (or) annex to the permit, according to the results of preventive control and supervision with a visit to the performer (target) of control and supervision in accordance with the criteria for assessing the degree of risk, the control and supervision body shall appoint an unscheduled inspection in accordance with subparagraph 1) of paragraph 3 of Article 144 of this Code.

The effect of Articles 141 - 147 of this Code, with the exception of the first part of paragraph 2 of Article 147 of this Code, shall not apply to preventive control and supervision with a visit to the performer (target) of control and supervision if the visit is connected with the control of the applicant's compliance with qualification or authorization requirements before issuing of a permit and (or) annexes to the permit in cases provided for by the Law of the Republic of Kazakhstan "On Permits and Notifications".

5. The preventive control and supervision without visiting the performer (target) of control and supervision shall be carried out in accordance with this Code and other laws of the Republic of Kazakhstan with the following conditions:

1) control and supervision bodies shall be prohibited from visiting the performers (targets) of control and supervision;

2) registration by the authorized body in the field of legal statistics and special accounting, and prior notification of the performer of control and supervision shall not be required;

3) according to the results of preventive control and supervision without visiting the performer (target) of control and supervision, depending on their type, final documents shall be drawn up (certificate, conclusion, recommendations and others) without initiating an administrative violation case in case of a violation, but with obligatory explanation to the performer of control and supervision of procedure of its elimination.

The procedure for conducting preventive control and supervision without visiting the performer (target) of control and supervision with mandatory indication of purposes, instruments, methods, list of performers, frequency of conduct, the method of accounting for preventive control and supervision without visiting the performer (target) of control and supervision shall be determined to carry out preventive control and supervision without visiting the performer (target) of control and supervision in the laws of the Republic of Kazakhstan.

The effect of subparagraph 3) of the first part of this paragraph regarding the impossibility of initiating an administrative offense case on the basis of preventive control and supervision without a visit to the performer (target) of control and supervision shall not apply when exercising state control in the field of state statistics regarding respondents.

6. The results of the analysis of preventive control and supervision without a visit to the performer (target) of control and supervision shall be the basis for the selection of performers (targets) of control and supervision for carrying out preventive control and supervision with a visit to the performers (targets) of control and supervision.

Footnote. Article 137 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 138. Scope of activities of business entities in which control is exercised

The control shall be carried out:

- 1) in the field of electric power industry;
- 2) in the field of energy saving and energy efficiency improvement;
- 3) **excluded by the Law of the Republic of Kazakhstan dated December 27, 2017 No. 126-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);**
- 4) in the field of subsoil exploration and use;
- 5) in the field of gas and gas supply;
- 6) in the field of radiation safety of the population;
- 7) during performance of subsoil use operations in the field of hydrocarbons and uranium mining;
- 8) for the production and circulation of certain types of petroleum products;

- 9) in the field of atomic energy use - for performers engaged in activities with facilities of III and IV categories of potential radiation hazard, with the exception of nuclear facilities;
- 10) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 12) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 12) in the field of compulsory insurance of civil liability of vehicle owners and the carrier to passengers at checkpoints across the State Border of the Republic of Kazakhstan;
- 13) in the field of transport;
- 14) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 15) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 16) in the field of export control at the pre-shipment phase and (or) end use of products;
- 17) in the field of technical regulation;
- 18) for compliance with the legislation of the Republic of Kazakhstan on Accreditation in the field of conformity assessment;
- 19) in the field of metrology;
- 20) in the field of housing management;
- 21) in the field of livestock breeding and beekeeping;
- 22) in the field of protection, reproduction and use of animal world;
- 23) in the field of seed production;
- 24) in the field of grain market regulation;
- 25) in the field of conservation, protection, use of the forest estate, forest reproduction and afforestation;
- 26) in the field of use and protection of the water fund of the Republic of Kazakhstan, dam safety;
- 27) in the field of compulsory insurance in crop production;
- 28) in the field of conservation areas;
- 29) in the field of safety and quality of cotton;
- 30) for the use and protection of land;
- 31) for geodetic and cartographic activities;
- 32) in the field of environmental protection, reproduction and use of natural resources;
- 33) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication)

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34) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication

);

35) in the field of civil defense;

36) in the field of fire security;

37) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication

);

38) for circulation of medicinal products and medical devices;

39) for the quality of medical and special social services rendered;

40) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication

);

41) for the organization and conduct of measures for the prevention of infectious diseases;

42) for the education system;

43) for compliance with the legislation of the Republic of Kazakhstan on the National Archival Fund and Archives;

44) for compliance with the labour legislation of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on Employment of population;

45) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication

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46) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication

);

47) in the field of social protection of people with disabilities;

48) in the provision of special social services;

49) for the observance of the legislation of the Republic of Kazakhstan on Mass media;

50) for compliance with the legislation of the Republic of Kazakhstan on Television and Radio broadcasting;

51) in the field of communications;

52) in the field of informatization;

53) for compliance with the legislation of the Republic of Kazakhstan on Electronic document and Electronic digital signature;

Note by the Republican Center for Legal Information!

The procedure for the introduction of subparagraph 54) see paragraph 11 of Article 324 of the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

54) for tax revenues and other obligatory payments to the budget, as well as the full and timely transfer of mandatory pension contributions, mandatory professional pension contributions to the unified accumulative pension fund and social contributions to the State Social Insurance Fund, contributions and contributions to compulsory social medical care insurance to the Social Healthcare Insurance Fund;;

55) for receipt of non-tax payments within the competence established by the laws of the Republic of Kazakhstan;

56) when applying transfer prices;

57) for compliance with the legislation of the Republic of Kazakhstan on Counteraction of the Legitimization of the Proceeds of Crime and Financing of Terrorism;

58) the implementation of currency operations and activities related to the use of currency valuables;

59) for the financial market and financial organizations and in the field of financial legislation of the Republic of Kazakhstan;

60) excluded by the law of the Republic of Kazakhstan dated July 2, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

60-1) excluded by the law of the Republic of Kazakhstan dated July 2, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

61) for compliance with the legislation of the Republic of Kazakhstan on Payments and Payment systems and the Currency legislation of the Republic of Kazakhstan;

62) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

63) in the field of competition protection;

64) for the use of a trademark, service mark, geographical indication of goods or a company name;

65) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

66) in the field of valuation activities;

67) in the field of natural monopolies;

Note by the Republican Center for Legal Information!

Subparagraph 68) was valid until January 1, 2017 in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

68) for compliance by performers of regulated markets with the obligations established by the legislation of the Republic of Kazakhstan on Natural monopolies and regulated markets;

68-1) for compliance with the pricing procedure and obligations of the performer of the socially significant market, established by this Code;

Note of RCLI!

Subparagraph 69) is provided in the wording of the Law of the Republic of Kazakhstan No. 202-VI dated 26.12.2018 (shall be enforced from 01.01.2020).

69) for compliance with the legislation of the Republic of Kazakhstan on Public Procurement;

70) for ensuring road traffic safety;

71) for the activities of individuals and legal entities engaged in the circulation of civilian and service weapons and its ammunition, civil pyrotechnic substances and products with their use;

72) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

73) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

74) for security activities;

75) for the installation, commissioning and maintenance of security alarm;

76) for the state of counter-terrorist protection of objects vulnerable to terrorism, with the exception of objects of the Republic of Kazakhstan protected by the Armed Forces, other troops and military formations of the Republic of Kazakhstan, as well as special state bodies, and fulfillment by their chiefs the requirements provided by the legislation of the Republic of Kazakhstan on Combating of Terrorism;

77) for the activities of specialized training centers for the training and advanced training of employees holding the positions of chief and security guard in a Private Security Company ;

78) for the circulation of narcotic drugs, psychotropic substances and precursors;

79) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

80) for compliance with the legislation of the Republic of Kazakhstan on Tourist activities ;

81) in the field of auditing activities and the activities of professional audit organizations;

82) for compliance with the legislation of the Republic of Kazakhstan on Gambling Industry;

83) for compliance with the legislation of the Republic of Kazakhstan on Commodity Exchanges;

84) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

85) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

86) for the conduct of anti-doping activities in sport;

87) in the field of accounting and financial reporting;

88) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

89) for the protection and use of objects of historical and cultural heritage;

90) in the field of biofuel circulation;

91) in the field of biofuel production;

92) for compliance with the legislation of the Republic of Kazakhstan on Trading activities regulation;

93) in the field of space activities;

94) is excluded by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication);

95) for compliance with the legislation of the Republic of Kazakhstan on Advertising;

96) in the field of architecture, urban planning and construction;

97) in the field of veterinary medicine;

98) in the field of plant protection and quarantine;

99) for compliance with the legislation of the Republic of Kazakhstan on Main pipelines;

100) in the field of highways;

101) in the field of protection of the rights of a child;

102) in the field of production and circulation of ethyl alcohol and alcoholic products;

103) in the field of production and circulation of tobacco products;

104) in the field of permitting control;

105) in the field of circulation of poisons, weapons, military equipment and certain types of weapons, explosive and pyrotechnic substances and products with their use;

106) in the field of industry;

107) for compliance with the rules of military registration of persons liable for military service and conscripts by organizations of military service and conscripts;

108) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

109) in the field of support and protection of business entities;

110) in the field of state statistics;

Note by the Republican Center for Legal Information!

The subparagraph 111) shall be enforced after the enactment on the production of organic products in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

111) in the field of production of organic products;

112) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

113) in the field of sale of jewelry and other products made of precious metal wares and precious stones;

114) for compliance with the legislation of the Republic of Kazakhstan on Lotteries and Lottery activities;

115) for production and turnover in respect of goods subject to labeling and traceability.

Footnote. Article 138 as amended by the Law of the Republic of Kazakhstan dated April 9 , 2016 No. 496-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated January 14, 2016 No. 445-V (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated July 26, 2016 No. 12-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 6 , 2017 No. 63-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated December 27, 2017 No.126-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated July 2, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); No. 211-VI dated 28.12.2018 (shall be enforced upon expiry of ten calendar days after its first official publication); No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication)

Article 139. Scope of activities of business entities in which supervision is exercised

The supervision shall be carried out:

- 1) in the field of airspace management of the Republic of Kazakhstan;
- 2) for the activities of civil aviation;
- 3) for international air traffic;
- 4) for aviation security support;
- 5) in the field of merchant shipping;
- 6) in the field of inland water transport;
- 7) in the field of architecture, urban planning and construction;
- 8) in the field of veterinary medicine;

- 9) in the field of plant quarantine;
- 10) in the field of sanitary and epidemiological welfare of the population;
- 11) for the financial market and financial organizations and in the field of financial legislation of the Republic of Kazakhstan;
- 12) excluded by the law of the Republic of Kazakhstan dated July 2, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 13) excluded by the law of the Republic of Kazakhstan dated July 2, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 14) for the activities of investment funds;
- 15) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 16) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 17) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);
- 18) in the field of industrial safety;
- 19) in the field of atomic energy use - for performers engaged in activities with nuclear installations and facilities of I and II categories of potential radiation hazard.

Footnote. Article 139 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated July 02, 2018 No. 168-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Paragraph 2. The procedure for organizing and conducting of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision

Footnote. Heading of paragraph 2 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

Article 140. General issues of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision

Footnote. Heading of paragraph 2 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

1. The inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be carried out by the bodies of control and supervision by performing one of the following actions:

- 1) a visit to the performer (target) of control and supervision by an official of a state body;
- 2) a request of the necessary information regarding the subject of the audit, with the exception of a request of the necessary information when conducting preventive control and supervision;
- 3) a call of the performer of control and supervision in order to obtain information on his compliance with the requirements established in accordance with paragraph 2 of Article 132 of this Code.

2. The subject of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision is compliance by the performers of control and supervision of the requirements established in accordance with paragraph 2 of Article 132 of this Code.

3. The actions of Article 137 of this Code and this paragraph, with the exception of paragraphs 2 and 3 of Article 154, Article 157 of this Code, shall not apply to the exercise of control and supervision related to:

- 1) the crossing of the State Border of the Republic of Kazakhstan;
- 2) the control and supervision in the field of plant quarantine, sanitary and quarantine, veterinary control when crossing the customs border of the Eurasian Economic Union and (or) the State Border of the Republic of Kazakhstan and (or) in the places of delivery, places of completion of customs clearance, determined in accordance with international contracts;
- 3) the compliance with road traffic safety requirements;
- 4) the passage of vehicles through the territory of the Republic of Kazakhstan at transport control posts for compliance with safety requirements for transport;
- 5) the control and supervision for the fulfillment of the requirements for the safe operation of watercraft in accordance with the laws of the Republic of Kazakhstan "On inland water transport" and "On merchant shipping";
- 6) the compliance by individuals with the requirements of possession, carrying and use of civilian weapons;
- 7) the implementation of state control and supervision of veterinary medicine and plant quarantine in commercial markets that sell live animals, products and raw materials of animal

and (or) plant origin, in organizations engaged in the production, harvesting (slaughter of animals), storage, processing of products and raw materials of animals and (or) of plant origin in a single technological cycle;

8) the compliance with especially protected natural territories and the territory of the state forest fund with requirements in the field of specially protected natural territories, security, protection, use of forest resources, forest reproduction and afforestation, as well as with the aim of monitoring the unauthorized removal of flora and fauna objects;

9) the compliance with the requirements for the use of the animal world in order to control the unauthorized removal of animal world objects:

on fishery waters - in terms of the established fishing measure for fish, size, types of tools and methods of fishing, restrictions and prohibitions on the use of the animal world, by-catch, as well as keeping a log of the catch of fish resources and other shell-fish (fishing log);

on the territory of hunting farms - in terms of withdrawal, method and type of tools for obtaining animals, their age and gender composition, restrictions and prohibitions on the use of the animal world;

10) the control and supervision of activities in quarantine zones and unfavorable points for especially dangerous animal diseases, foci of the spread of quarantine objects, especially dangerous pests;

11) the compliance by individuals and legal entities with requirements for the safety of aircraft operations and aviation security;

12) the compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of the legal circulation of explosives, narcotic drugs, psychotropic substances and precursors, civil pyrotechnic substances and products with their use in the framework of the requirements of Article 133 of this Code and ongoing preventive measures of the Internal Affairs Bodies;

12-1) the compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of circulation of civilian and service weapons and its ammunition;

13) the control on the territory of the performer engaged in the production of certain types of excisable goods through excise posts established in accordance with the tax legislation of the Republic of Kazakhstan, as well as the conduct of a control record of ethyl alcohol and alcoholic products in organizations producing ethyl alcohol and alcoholic products;

14) the compliance with the requirements of the financial legislation of the Republic of Kazakhstan, as well as control and supervision of the financial market, financial organizations, operators and operating centers of payment systems, payment organizations, and also collection agencies;

15) the compliance with the requirements of the budget legislation of the Republic of Kazakhstan and other regulatory legal acts governing the planning and execution of the republican and local budgets, conducted in accordance with the legislation of the Republic of Kazakhstan on State Audit and Financial Control;

Note by the Republican Center for Legal Information!

The subparagraph 16) provides for amendments by the Law of the Republic of Kazakhstan dated July 2, 2018 No. 170-VI (shall be enforced upon expiry of six months after the date of its first official publication).

16) compliance with the requirements of the legislation of the Republic of Kazakhstan regulating the sale of alcoholic beverages to persons under twenty-one years of age, tobacco products, the dissemination of information products containing information prohibited for children, persons under eighteen years of age, as well as the procedure for location of minors in entertainment establishments;

17) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

18) the control of the compliance of the carriage rules of passengers, baggage and cargo-luggage in passenger trains en route;

19) the trade outside the places established by the local executive body;

20) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

21) monitoring the state of counter-terrorist protection of objects vulnerable to terrorism, with the exception of objects of the Republic of Kazakhstan protected by the Armed Forces, other troops and military formations of the Republic of Kazakhstan, as well as special state bodies, and compliance by their chiefs with the requirements provided by the legislation of the Republic of Kazakhstan on Combating of Terrorism;

22) the compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of migration;

23) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

24) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

25) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

26) the field of atomic energy use - for performers engaged in activities with nuclear installations and facilities of I and II categories of potential radiation hazard.

At the same time the inspections carried out on the grounds specified in subparagraphs 13), 15) (except for inspections of internal audit services), 22) and 26) of the first part of this paragraph, as well as paragraph 5 of this article shall be subject to mandatory registration with the authorized body in the field of legal statistics and special accounting.

Herewith, the acts on the appointment of inspections referred to in subparagraphs 12) (in the field of narcotic drugs, psychotropic substances and precursors), 13), 21) and 22) of the first part of this paragraph shall be registered with the authorized body in the field of legal statistics and special records in within the next working day after the start of the inspection.

The control and supervision bodies quarterly no later than the fifth day of the month following the reporting quarter submit to the authorized body in the field of legal statistics and special records information on inspections conducted in respect of private business entities specified in the first part of this paragraph, in the form specified by the General Prosecutor's Office of the Republic of Kazakhstan.

4. The inspection procedure indicated in paragraph 3 of this Article and the relations arising in this connection shall be governed by the laws of the Republic of Kazakhstan.

5. The relations arising in the course of exercising control and supervision over compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of competition protection carried out by the anti-monopoly body shall not be covered by this paragraph, with the exception of paragraphs 2 and 3 of Article 154, Article 157 of this Code.

The relations arising during inspections for compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of competition protection, carried out by the anti-monopoly authority, shall be governed by Chapter 20 of this Code.

6. The decision to suspend inspections of private business entities for a specific period shall be taken by the Government of the Republic of Kazakhstan in coordination with the Administration of the President of the Republic of Kazakhstan.

7. The specifics of the procedure, time limits, renewal, suspension of inspections, execution of an act on appointment, results and completion of inspections carried out by state revenue bodies shall be determined by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code).

8. It is prohibited to conduct inspections in accordance with a special procedure for conducting inspections and preventive control and supervision with a visit to the performer (target) of control and supervision of small business entities, including micro-business entities, within three years from the date of state registration (except for established legal entities in the reorganization procedure and successors of reorganized legal entities).

Footnote. Article 140 as amended by the Law of the Republic of Kazakhstan dated December 22, 2016 No. 28-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated July 3, 2017 No. 86-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated December 26, 2017 No. 124-VI (shall be enforced from January 1, 2018); dated May 24, 2018 No. 156-VI(

shall be enforced upon expiry of ten calendar days after the date of its first official publication); No. 170-VI dated 02.07.2018 (shall be enforced upon expiry of six months after its first official publication).

Article 141. Grouping of performers (targets) of control and supervision

1. The state control and supervision are carried out taking into account the grouping of performers (targets) of control and supervision in four groups.

2. The first group includes entities (objects) subject of control and supervision, in respect of which a special procedure for conducting inspections based on risk assessment, unscheduled inspections, preventive control and supervision with a visiting the entity (object) subject to control and supervision shall be applied in accordance with Subparagraphs 1), 2), 4) and 7) of part eleven of Paragraph 3 of this Article and preventive control and supervision without a visiting the entity (object) subject to control and supervision.

The risk is the probability of causing harm as a result of the activity of the performer of control and supervision of life or human health, the environment, the legitimate interests of individuals and legal entities, the property interests of the state, taking into account the severity of its consequences.

The risk assessment system is a set of measures carried out by the control and supervision body with the aim of setting up inspections and preventive control and supervision with a visit to the performer (target) of control and supervision.

A special procedure for conducting inspections shall be applied in the exercise of control and supervision in respect of performers classified as high risk in the following areas of state control and supervision:

- 1) in the field of atomic energy use – for performers engaged in activities with facilities of III and IV categories of potential radiation hazard, with the exception of nuclear facilities;
- 2) in the field of fire security;
- 3) in the sphere of ensuring the receipt of taxes and other obligatory payments to the budget, the completeness and timeliness of the transfer of social payments;
- 4) in the field of circulation in poisons, weapons, military equipment and certain types of weapons, explosive and pyrotechnic substances and products with their use;
- 5) in the field of sanitary and epidemiological welfare of the population - in relation to performers of high epidemic importance;
- 6) in the field of industrial safety;

The assignment of performers to a high risk assessment, subject to sanitary and epidemiological control and supervision, shall be carried out taking into account the provisions provided by the Code of the Republic of Kazakhstan "On public health and health care system."

For the areas of activity specified in subparagraphs 1), 2), 3), 4) and 6) of the fourth part of this paragraph, the frequency of inspections shall be determined by the criteria for risk assessment, but not more than once a year.

The frequency of conducting a special procedure for conducting inspections with respect to objects of high epidemic importance in the sphere of the sanitary and epidemiological welfare of the population shall be determined no more than once every six months.

The criteria for risk assessment shall be a set of quantitative and qualitative indicators related to the direct activity of the performer of control and supervision, features of sectoral development and factors affecting this development, allowing to include performers (targets) of control and supervision to different degrees of risk.

The criteria for risk assessment and checklists used for the special procedure for conducting an inspection shall be approved by a joint act of regulatory state bodies and the authorized body on entrepreneurship, with the exception of cases provided by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code), and posted on the Internet resources of regulatory authorities.

The basis for the appointment of a special procedure for conducting inspections is a semi-annual schedule approved by the regulatory state body or local executive body.

The semi-annual schedules shall be formed in respect of performers of control and supervision with the obligatory indication of the targets in respect of which a special procedure for conducting inspections has been appointed.

By November 15 of the year preceding the year of inspections, and by April 15 of the current breaking-in period, regulatory state bodies and local executive bodies submit draft semi-annual audit schedules for approval to the authorized body in the field of legal statistics and special accounts.

When establishing in the projects of semi-annual schedules of inspections of the same performers of control and supervision, draft schedules shall be returned by the authorized body in the field of legal statistics and special accounting to regulatory state bodies and local executive bodies to exclude such entities from the inspections schedules or adjust the timing of their implementation taking into account the requirements of this article.

By December 10 of the year preceding the year of inspections, and by May 10 of the current breaking-in period, regulatory state bodies and local executive bodies submit the semi-annual schedules of inspections approved by the chief of the regulatory state bodies to the authorized body in the field of legal statistics and special accounts for the formation by General Prosecutor's Office of the Republic of Kazakhstan of semi-annual comprehensive schedule of inspections.

The form of semi-annual schedules of inspections is determined by the General Prosecutor's Office of the Republic of Kazakhstan.

The amendments to the semi-annual inspection schedules shall not be allowed.

The authorized body in the field of legal statistics and special accounting places the semi-annual comprehensive schedule of inspections on the Internet resource of the General Prosecutor's Office of the Republic of Kazakhstan by December 25 of the current breaking-in period and by May 25 of the current breaking-in period.

3. The second group includes performers (targets) of control and supervision, in relation to which unscheduled inspections, preventive control and supervision shall be carried out with and without visits to the performer(target) of control and supervision.

The unscheduled inspections shall be conducted on the grounds provided for by paragraph 3 of Article 144 of this Code.

To carry out preventive control and supervision with a visit to the performer (target) of control and supervision, regulatory state bodies develop and together with the authorized body on entrepreneurship approve acts relating to risk assessment criteria for selecting performers (targets) of control and supervision, checklists that shall be placed on Internet resources of regulatory state bodies.

The basis for the appointment of preventive control and supervision with a visit to the performer (target) of control and supervision is a semi-annual list of preventive control and supervision with a visit to the performer (target) of control and supervision, approved by the first chief of the regulatory state body or local executive body.

The semi-annual lists of preventive control and supervision with a visit to the performer (target) of control and supervision shall be formed in respect of performers of control and supervision with the obligatory indication of targets in respect of which preventive control and supervision shall be appointed with a visit to the performer (target) of control and supervision.

By December 10 of the year preceding the year of preventive control and supervision with a visit to the control and supervision performer (target), and before May 10 of the current breaking-in period, regulatory state bodies and local executive bodies send approved semi-annual lists of preventive control and supervision with a visit to the performer (target) of control and supervision to the authorized body in the field of legal statistics and special accounting for the formation of a six-month comprehensive list of preventive control and supervision with a visit to the performer (target) of control and supervision.

The form of semi-annual lists of preventive control and supervision with a visit to the performer (target) of control and supervision shall be determined by the General Prosecutor's Office of the Republic of Kazakhstan.

The amendments to the semi-annual lists of preventive control and supervision with a visit to the performer (target) of control and supervision shall not be allowed.

The authorized body in the field of legal statistics and special accounting places a semi-annual list of preventive control and supervision with a visit to the performer (target) of control and supervision on the Internet resource of the General Prosecutor's Office of the Republic of Kazakhstan until December 25 of the year preceding the year of preventive control and supervision with a visit performer (target) of control and supervision, and until May 25 of the current calendar year.

The frequency of preventive control with a visit to the performer (target) of control and supervision is determined by the criteria for risk assessment, but not more than once a year.

The third - tenth parts of this paragraph shall not apply to the conduct of preventive control and supervision with a visit to the performer (target) of control and supervision in the following cases:

1) if the visit is related to the control of the applicant's compliance with qualifying or permissive requirements prior to issuing of permit and (or) annex to the permit in cases provided for by the Law of the Republic of Kazakhstan "On Permits and Notifications";

2) if the visit is related to the selection of products for monitoring the safety of products conducted in accordance with the Code of the Republic of Kazakhstan "On public health and health care system";

3) if the visit is related to sampling during acceptance, shipment and quantitative and qualitative accounting of grain to determine its quality in accordance with the requirements of the legislation of the Republic of Kazakhstan on Grain;

4) of exercising control and supervision aimed at prevention of violations of the legislation of the Republic of Kazakhstan in cases when these violations can potentially carry a massive threat to the life and health of the population, the environment and the national security of the Republic of Kazakhstan;

5) of the receipt of messages about the occurrence of technological disturbances at electric power plants, in boiler houses, on electric and heat networks that led to the standstill of the main equipment, fires, explosions, division of the unified electric power system of the Republic of Kazakhstan into several parts, mass restriction of consumers of electrical energy;

6) of monitoring compliance with the size of the maximum permissible retail prices for socially important food products;

7) carrying out the control for natural monopolies, over the compliance with the pricing procedure and obligations of the entity of socially significant market established by this Code.

Conducting preventive control and supervision with a visit to the performer (target) of control and supervision in accordance with sub-paragraph 4) of the eleventh part of this paragraph shall be carried out only in cases when to identify the causes of violations of the requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code, it is not enough to conduct an unscheduled inspection on a specific fact in relation to a specific performer (target) of control and supervision in accordance with subparagraph 7) of the paragraph 3 of Article 144 of this Code and the control and supervision are required in relation to other entities associated with this particular fact.

To carry out preventive control and supervision with a visit to the performer (target) of control and supervision in accordance with sub-paragraph 4) of the eleventh part of this paragraph:

1) the control and supervision bodies analyze all available information, including using the "electronic government" web portal and by requesting other state bodies to determine the

range of performers (targets) of control and supervision related to a specific fact and having potential risks;

2) an additional list of preventive control and supervision is formed with a visit to the performer (target) of control and supervision, approved by the first chief of the control and supervision body;

3) the subject of preventive control and supervision with a visit to the performer (target) of control and supervision are only the facts identified as a result of an unscheduled inspection carried out in accordance with subparagraph 7) of paragraph 3 of Article 144 of this Code.

For unreasonable decision-making on the implementation of preventive control and supervision with a visit to the performer (target) of control and supervision in accordance with sub-paragraph 4) of the eleventh part of this paragraph, the first chief of the control and supervision body had a responsibility established by the laws of the Republic of Kazakhstan.

4. The criteria for risk assessment for the selection of performers (targets) of control and supervision, checklists shall be developed on the basis of the formation procedure by the state bodies of the risk assessment system approved by the authorized body on entrepreneurship.

The formation of a risk assessment system of state bodies using information systems shall be carried out in the manner determined by the rules of a risk assessment system formation by state bodies taking into account the specificity and confidentiality of risk assessment criteria.

5. The third group includes performers (targets) of control and supervision, in respect of which unscheduled inspections shall be carried out on the grounds provided by paragraph 3 of Article 144 of this Code, and preventive control and supervision without a visit to the performer (target) of control and supervision.

To conduct unscheduled inspections, regulatory state bodies develop and together with the authorized agency on entrepreneurship approve acts relating to checklists that shall be posted on the Internet resources of regulatory state bodies.

The preventive control and supervision without a visit of the performer (target) of control and supervision shall be carried out in accordance with Article 137 of this Code and other laws of the Republic of Kazakhstan.

6. The fourth group includes performers (targets) of control and supervision, in respect of which only preventive control and supervision shall be carried out without visiting the performer (target) of control and supervision.

The preventive control and supervision without a visit of the performer (target) of control and supervision shall be carried out in accordance with Article 137 of this Code and other laws of the Republic of Kazakhstan.

7. The assignment of the areas of activity of business entities in which state control and supervision shall be carried out by groups specified in paragraphs 3, 5 and 6 of this article, as

well as the distribution of performers (targets) of control and supervision that are classified as high risk and not classified as high risk shall be carried out by regulatory state bodies for each area of control and supervision.

8. The performers (targets) of control and supervision, assigned to the first and second groups, can be transferred to the third group in the relevant fields of activity of business entities in the following cases:

1) if such entities have entered into insurance contracts of civil liability to third parties in the cases and in the manner established by the laws of the Republic of Kazakhstan;

2) if the laws of the Republic of Kazakhstan and the criteria for a risk assessment of regulatory state bodies define cases of exemption from inspections in accordance with a special procedure for conducting inspections and preventive control and supervision with a visit to the performer (target) of control and supervision;

3) if the performers are members of a self-regulating organization based on voluntary membership (participation) in accordance with the Law of the Republic of Kazakhstan "On Self-Regulation".

Footnote. Article 141 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); as amended by the Law of the Republic of Kazakhstan No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 142. Departmental accounting

Footnote. Article 142 excluded by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 143. Checklists

1. The regulatory state body and the authorized body on entrepreneurship for homogeneous groups of performers(targets) of control and supervision approve the checklists by a joint act.

The approved checklists shall be posted on the Internet resources of regulatory state bodies.

2. The checklist includes a list of requirements for the activities of performers (targets) of control and supervision, the non-observance of which entails a threat to human life and health, the environment, the legitimate interests of individuals and legal entities, the state.

The checklist shall be compiled for homogeneous groups of performers (targets) of control and supervision.

The homogeneous groups shall be meant the performers (targets) of control and supervision, to which the same requirements shall be imposed.

The checklist shall be formed taking into account the following conditions:

1) the requirements shall be established in accordance with paragraph 2 of Article 132 of this Code;

2) the requirements shall be included whose non-observance entails a threat to human life and health, the environment, the legitimate interests of individuals and legal entities, the state;

3) the requirements shall not be general in nature and contain a reference to other regulatory legal acts;

4) the requirements formulation shall be extremely brief, contain a clear and not subject to different interpretation of the meaning.

3. Only the requirements specified in the checklists shall subject to inspection and preventive control and supervision with a visit to the performer (target) of control and supervision.

Footnote. Article 143 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 144. Types of inspections

1. The inspections shall be divided into the following types:

1) inspections carried out in a special order based on a risk assessment;

2) unscheduled.

The inspection carried out in a special order is an inspection appointed by the control and supervision body on the basis of risk assessment in relation to a specific performer (target) of control and supervision in the areas of state control and supervision, as defined in the fourth part of paragraph 2 of Article 141 of this Code and (or) in order to prevent and (or) eliminate an immediate threat to human life and health, the environment, the legitimate interests of individuals and legal entities, the state.

The unscheduled inspection is an inspection appointed by the control and supervision body for specific facts and circumstances that served as the basis for the appointment of an unscheduled inspection with respect to a specific performer (target) of control and supervision in order to prevent and (or) eliminate an immediate threat to human life and health, the environment, the legitimate interests of individuals and legal entities, the state.

2. Excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

3. The grounds for the unscheduled inspection of performers of control and supervision shall be:

1) the monitoring of enforcement of the improvement notice (resolutions, submissions, notifications) on elimination of detected gross violations defined in the criteria for risk assessment as a result of inspection and preventive control and supervision with a visit to the performer(target) of control;

1-1) the monitoring of enforcement of the improvement notices (resolutions, submissions, notifications) on the elimination of significant and minor violations identified in the risk assessment criteria as a result of the inspection and preventive control and supervision with a visit to the performer and supervision in cases where the performer more than once did not provide information on the elimination of the violations found and (or) did not eliminate the violations;

2) the appeals of individuals and legal entities on specific facts of violations of the requirements of the legislation of the Republic of Kazakhstan, the non-elimination of which entails harm to life and health;

3) appeals of individuals and legal entities on specific facts about causing harm to life, human health, the environment and the legitimate interests of individuals and legal entities, the state, with the exception of appeals of individuals and legal entities (consumers) whose rights have been violated, and appeals of state bodies;

4) the appeals of individuals and legal entities (consumers) whose rights have been violated;

5) the instructions of the prosecution bodies on specific facts of causing or about the threat of causing harm to life, human health, the environment and the legitimate interests of individuals and legal entities, the state;

6) the applications of state bodies on specific facts of causing harm to life, human health, the environment and the legitimate interests of individuals and legal entities, the state, as well as on specific facts of violations of the requirements of the legislation of the Republic of Kazakhstan, the non-elimination of which entails harm to human life and health;

7) a counter audit with respect to third parties with whom the performer of control and supervision had civil law relations in order to obtain the information necessary for the inspection;

8) the reinspection related to the treatment of the performer of control and supervision of disagreement with the initial inspection;

9) the instruction of the criminal prosecution authority on the grounds provided for by the Criminal Procedure Code of the Republic of Kazakhstan;

10) the taxpayer appeals, information and issues defined by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code);

11) excluded by the law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

12) the results of the selection and sanitary and epidemiological examination of products in cases of violations of the requirements of the legislation of the Republic of Kazakhstan in the field of sanitary and epidemiological welfare of the population, hygienic standards and technical regulations that pose a danger to human life, health and the environment.

4. The unscheduled inspections shall not be conducted in cases of anonymous reports.

5. The facts and circumstances identified in relation to specific business entities and facilities and which served as the basis for the appointment of this unscheduled inspection.

6. In cases of occurrence or threat of spread of an epidemic, foci of quarantine objects and especially dangerous pests, infectious and parasitic diseases, poisonings, radiation accidents, an unscheduled inspection of objects shall be carried out without prior notification of the inspected performer and registration of an Act on inspection appointment with its subsequent submission within the next working day to the authorized body on legal statistics and special accounting.

7. Unscheduled inspections on the issues of production (formulation), transportation, storage, sale and use of counterfeit pesticides (toxic chemicals), as well as production, procurement, transportation, storage, sale of counterfeit medicinal products and medical devices shall be carried out without prior notice to the entity being checked.

8. In case of detection of basis for conducting an unscheduled inspection at facilities or at subjects located at a considerable distance from the location of the control and supervision bodies and the authorized body on legal statistics and special accounting, an unscheduled inspection shall be carried out without prior notice to the inspected performer and registration of an Act on inspection appointment with its subsequent submission within the next five working days to the authorized body on legal statistics and special accounting.

The significant distance from the location of the controlling and registering bodies shall be considered to be a distance greater than one hundred kilometers from the registration place of an Act on inspection appointment to the place of its conduct.

9. The listed grounds for conducting an unscheduled inspection shall be applied to structural units of state authorities, legal entities, structural units of non-resident legal entities, non-resident legal entities operating without registration with the Justice authorities or the registering authority.

10. It is prohibited to conduct other types of inspections not established by this Code, with the exception of audits provided for by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code).

Footnote. Article 144 as amended by the Law of the Republic of Kazakhstan dated March 29, 2016 No. 479-VI (shall be enforced upon expiry of twenty one calendar days after the date of its first official publication); dated December 25, 2017 No. 122-VI (shall be enforced from January 1, 2018); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); dated 28.12.2018 No. 211-VI (shall be enforced upon expiry of ten calendar days after its first official publication); No. 241-VI dated 02.04.2019 (shall be enforced from 01.07.2019).

Article 145. The Act on inspection appointment and preventive control and supervision with a visit to the performer (target) of control and supervision

Footnote. Heading of article 145 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

1. The inspection shall be carried out on the basis of an Act on inspection appointment by a state body.

The preventive control and supervision with a visit to the performer (target) of control and supervision shall be carried out on the basis of an Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision by a state body.

2. The Act on inspection appointment shall include:

1) the number and date of the act;

2) the name of the state body;

3) the full name (if it is indicated in the identification document) and the position of the person (s) authorized to conduct the inspection;

4) the information about the specialists, consultants and experts involved in conducting the inspection;

5) the name of the performer of control and supervision or full name (if it is indicated in the identity document) of the individual in respect of whom the inspection shall be scheduled, its location, identification number, list of targets of control and supervision, area of the territory.

In the case of an inspection of a branch and (or) representative office of a legal entity, its name and location shall be indicated in an Act on inspection appointment;

6) the subject of the scheduled inspection;

7) the date of the inspection;

8) the legal grounds for conducting an inspection, including regulatory legal acts, the mandatory requirements of which shall be subject to inspection;

9) the inspected period;

10) the rights and obligations of the performer of control and supervision provided for in Article 155 of this Code;

11) the signature of the person authorized to sign the acts, and seal of the state body;

12) the signature of the chief of a legal entity or its authorized person, an individual on receipt or refusal to receive an Act on inspection appointment.

3. The Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision shall include:

1) the number and date of the act;

2) the name of the state body;

3) the full name (if it is indicated in the identity document) and the position of the person (s) authorized to conduct preventive control and supervision with a visit to the performer (target) of control and supervision;

4) the information about the specialists, consultants and experts involved in conducting preventive control and supervision with a visit to the performer (target) of control and supervision;

5) the name of the performer of control and supervision, or the full name (if it is indicated in the identity document) of the individual in respect of whom preventive control and supervision shall be scheduled to conduct, with a visit to the performer (target) of control and supervision, its location, identification number, list of targets of control and supervision, area of the territory.

In the case of preventive control and supervision with a visit to the performer (target) of control and supervision of a branch and (or) representative office of a legal entity, its name and location shall be indicated in an Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision;

6) the subject of the designated preventive control and supervision with a visit to the performer (target) of control and supervision;

7) the date of the preventive control and supervision with a visit to the performer (target) of control and supervision;

8) the legal grounds for conducting preventive control and supervision with a visit to the performer (target) of control and supervision, including the requirements of checklists;

9) the rights and obligations of the performer of control and supervision provided for in Article 155 of this Code;

10) the signature of the person authorized to sign the acts, and seal of the state body;

11) the signature of the chief of a legal entity or its authorized person, an individual on receipt or refusal to receive an Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision.

Footnote. Article 145 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be valid upon the expiry of ten calendar days after its official publication).

Article 146. Registration of an Act on appointment, an additional Act on extension of the time for inspection and preventive control and supervision with a visit to the performer (target) of control and supervision

1. The Act on appointment, an additional Act on extension of the time for inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, with the exception of counter inspection carried out by state revenue bodies in accordance with the Code of the Republic of Kazakhstan "On taxes and other obligatory payments budget "(Tax Code), shall be registered with the authorized body in the field of legal statistics and special accounting.

The Act on appointment, an additional Act on extension of the time for inspection and preventive control and supervision with a visit to the performer (target) of control and

supervision shall be recorded in respect of the performer of control and supervision with the obligatory indication of objects.

The state revenue bodies when conducting counter-tax inspections provided for by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code), notify bodies in the field of legal statistics and special accounting at the location of the inspected performer (target) of control and supervision.

The registration of an Act on appointment, an additional Act on extension of the time for inspection and preventive control and supervision with a visit to the performer(target) of control and supervision is an accounting nature and is used to form and improve departmental risk management systems.

2. The Act on appointment, an additional Act on extension of the time for inspection and preventive control and supervision with a visit to the performer (target) of control and supervision by the control and supervision body shall be recorded before the start of the check and preventive control and supervision with a visit to the performer (target) of control and supervision in the authorized body in the field of legal statistics and special accounts by submitting them, including in electronic form, to the territorial body of the authorized body in the field of legal statistics and special accounts the location of the performer (target) control and supervision.

The Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision on the grounds provided for in subparagraphs 1) and 3) of the eleventh part of paragraph 3 of Article 141 of this Code shall be registered with the authorized body in the field of legal statistics and special accounts by submitting it, including in electronic form, the territorial body of the authorized body in the field of legal statistics and special records at the location of the performer (target) of control and supervision during the next working day after the start of the preventive control and supervision day with a visit to the performer (target) control and supervision.

The control and supervision body shall submit checklists (if any) indicating the points of the requirements to be checked when registering the Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision.

The procedure for registration of acts on appointment, additional acts on extension of the time for inspection and preventive control and supervision with a visit to the performer (target) of control and supervision and their cancellation, notifications of suspension, renewal, extension of the time for inspection and preventive control and supervision with a visit to the performer (target) control and supervision, amendments in the composition of participants and the submission of information accounting documents on inspection and preventive control and supervision with a visit to the performer (target) of control and supervision and their results are determined by the General Prosecutor's Office of the Republic of Kazakhstan.

3. In the case when the need for inspection or preventive control and supervision with a visit to the performer(target) of control and supervision is caused by the prevailing socio-economic situation that requires the immediate removal of a threat to public order, public health and the national interests of the Republic of Kazakhstan, as well as during inspection and preventive control and supervision with a visit to the performer (target) of control and supervision after working hours (night time, weekends or holidays) due to the need to stop violations immediately at the time of their commission and to take urgent actions to consolidate the evidence on the appointment of inspection and preventive control and supervision is made by the authorized body in the field of legal statistics and special accounting during the next working day after the start of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision.

Footnote. Article 146 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 147. The procedure of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision

1. The control and supervision body shall be obliged to notify in writing the performer of control and supervision (the chief of a legal entity or its authorized person, an individual) about the commencement of at least thirty calendar days prior to the start of the inspection according to a special procedure for conducting inspections with an indication of the start date of the inspection and the subject of the inspection.

When conducting an unscheduled inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, except for the cases provided for in subparagraphs 1), 3) and 6) of the eleventh part of paragraph 3 of Article 141, subparagraphs 3), 4), 9) and 10) of the paragraph 3, paragraphs 6, 7 and 8 of Article 144 of this Code, the control and supervision body shall be obliged to notify the control and supervision performer of the commencement of an unscheduled inspection and preventive control and supervision with a visit to the performer (target) of control and supervision in less than 24 hours before they start indicating the subject of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision.

The notification on the start of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision by the control and supervision body is handed over on purpose, sent in the form of registered mail with acknowledgment of receipt or by electronic document signed with an electronic digital signature at the email address of the performer of control and supervision, if such an address has previously been submitted by the performer to the control and supervision body, or by other available means.

2. The inspections on a special procedure of inspections, unscheduled inspections, as well as preventive control and supervision with a visit to the performer (target) of control and

supervision shall be carried out during working day of the performer (target) of control and supervision, established by the internal labor regulations, unless otherwise specified by second part of this paragraph.

The unscheduled inspection shall be carried out after working hours (night time, weekends or holidays) due to the need to stop violations at the time of their commission

3. The officials of the control and supervision body who have arrived at the target for inspection or preventive control and supervision with a visit to the performer (target) of control and supervision shall be obliged to submit to the control and supervision performer:

- 1) the Act on appointment of inspection or preventive control and supervision with a visit to the performer (target) of control and supervision with a note of registration with the authorized body in the field of legal statistics and special accounts;
- 2) the certificate of employment;
- 3) if necessary, the permission of the competent authority to visit high security facilities;
- 4) the medical clearance, the presence of which is necessary for visiting facilities, issued in the manner determined by the authorized body in the field of health.

The start of the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision shall be the date of delivery to the performer of control and supervision (to the chief of the legal entity or its authorized person, an individual) of an Act on appointment of inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, as well as familiarization of the performer of control and supervision with a checklist indicating the points of the requirements to be checked and preventive control and supervision with another subject of the performer (target) of control and supervision.

4. The protocol shall be compiled in cases of refusal to accept the Act on appointment or preventive control and supervision with a visit to the performer (target) of control and supervision, familiarization with the checklist, as well as preventing access of an official of the control and supervision body that carries out the inspection or preventive control and supervision with a visit of the performer (target) of control and supervision, to the materials necessary for conducting an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision. The protocol is signed by an official of the control and supervision body who carries out the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, and the chief of the legal entity or its authorized person, an individual.

The chief of the legal entity or its authorized person, an individual has the right to refuse to sign the protocol, giving a written explanation of the reason for the refusal. The refusal to receive an Act on appointment of inspection or preventive control and supervision with a visit to the performer (target) of control and supervision shall not be grounds for canceling the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision.

5. Inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be carried out only by the official (s) who are indicated in the Act on appointment of inspection or preventive control and supervision with a visit to the performer (target) of control and supervision. At the same time, the composition of officials conducting an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision shall be changed by the decision of the control and supervision body, the performer of control and supervision and the authorized body in the field of legal statistics and special accounts shall be notified prior to the start of participation in the inspection of persons not indicated in the Act on appointment of inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, indicating the reason for the replacement.

6. If necessary, the simultaneous inspection and preventive control and supervision with a visit to the performer (target) of control and supervision by several bodies of control and supervision, each of these bodies shall be obliged to issue an Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision with respect to the performer of control and supervision and register it with the authorized body in the field of legal statistics and special accounting.

If necessary, the simultaneous inspection and preventive control and supervision with a visit to the performer (target) of control and supervision of several performers of control and supervision on the same range of issues by one control and supervision body, this body shall be obliged to issue an Act on appointment of inspection or preventive control and supervision with a visit of the performer (target) of control and supervision on each performer of control and supervision and register it with the authorized body in the field of legal statistics and special accounts, except for tax inspection carried out on:

- 1) the registration with the tax authorities;
- 2) the availability of cash register machines;
- 3) the availability and authenticity of excise and monitoring stamps;
- 4) the availability and authenticity of the accompanying invoices for alcoholic products, petroleum products and biofuels;
- 5) the license availability;
- 6) the availability of equipment (device) intended for making payments using payment cards;
- 7) the availability of consignment notes for imported goods and the compliance of the name of the goods with the information specified in the consignment notes when checking vehicles at transport control posts or internal affairs bodies;
- 8) the availability of documents provided by the regulatory legal acts of the Republic of Kazakhstan adopted in the implementation of international contracts ratified by the Republic

of Kazakhstan when goods are exported from the territory of the Republic of Kazakhstan to the territory of the Eurasian Economic Union member states and correspondence of the goods to the information specified in the documents.

Footnote. Article 147as amended by the Law of the Republic of Kazakhstan dated May 24 , 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 148. The time limits of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision

1. The time limits of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be established taking into account the scope of the forthcoming work, as well as the tasks set and shall not exceed:

1) for micro-business entities - no more than five working days and with extension up to five working days;

2) for subjects of small-, medium- and large-sized business entities, as well as performers of control and supervision, which are not private business entities:

during unscheduled inspections - no more than ten working days and with extension to ten working days;

during inspections conducted in a special procedure, and preventive control and supervision with a visit to the performer (target) of control and supervision - no more than fifteen working days and with extension to fifteen working days;

3) in the field of veterinary medicine, quarantine and plant protection, seed production, grain and cotton markets - no more than five working days and with extension to five working days;

4) in the field of compliance with labour legislation of the Republic of Kazakhstan in terms of occupational health and safety at construction sites, taking into account their technical complexity:

related to technically complex objects - no more than five working days and with extension up to five working days;

not related to technically complex objects - no more than four hours of the working day and with extension to eight hours of the working day.

2. The time limits of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be extended only once within the time limits specified in paragraph 1 of this Article, by the chief of the control and supervision body (or by the person performing his duties) only when it is necessary to:

1) obtain information from foreign state bodies within the framework of international contract of the Republic of Kazakhstan;

2) establish the person's location in respect of whom the inspection and preventive control and supervision are carried out with a visit to the performer (target) of control and supervision

;

3) obtain the results of laboratory studies of sanitary and epidemiological examination.

In the case of extension of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, the control and supervision body shall compile an additional Act on extension of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision with a registration in an authorized body in the field of legal statistics and special accounting, which indicates the number and date of registration of the previous Act on appointment of inspection or preventive control and supervision with a visit of the performer (target) of control and supervision, and the reason for extension.

In the case of extension of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, the control and supervision body shall notify the control and supervision performer (the chief of the legal entity or its authorized person, an individual).

The notification on the extension of time limits of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be sent to the control and supervision body one working day before renewal in the form of registered mail with acknowledgment of receipt or by electronic document signed with an electronic digital signature e-mail address of the performer of control and supervision, if such address has previously been submitted by the performer to the body of control and supervision, or by other available means.

The specifics of the procedure and time limits for the renewal and suspension of inspections and other forms of state control exercised by state revenue bodies shall be determined by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code).

Footnote. Article 148 as amended by of the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 149. The procedure for sampling products for examination (analysis, testing)

1. Sampling of products for control and supervision, including the number of samples taken, shall be determined in accordance with the requirements of regulatory legal acts and regulatory documents of the Republic of Kazakhstan on Products and Methods of Product Testing.

2. Sampling of products shall be carried out by an official of control and supervision body in the presence of the chief or representative of the inspected performer and the authorized person of the inspected performer and shall be certified by an Act on sampling of products.

The sampled products shall be completed, packaged and sealed (stamped).

3. The Act on sampling of products shall be compiled in triplicate. All copies of the Act shall be signed by the official who sampled the products, and the chief or representative of the inspected performer.

The one copy of the Act on sampling together with the direction and product samples, sampled properly, shall be sent to the organization authorized by the legislation of the Republic of Kazakhstan for the examination (analysis, testing).

The second copy of the Act on sampling of products remains with the inspected performer

The third copy of the Act on sampling of products shall be kept by the official of control and supervision body who carried out the sampling of products.

4. The conditions of storage and transportation of sampled products shall not change the parameters by which the examination (analysis, testing) of these samples will be carried out.

The official of control and supervision body that samples products for examination (analysis, testing) ensures their safety and timeliness of delivery to the examination (analysis, testing) place.

5. The costs associated with the sampling of products shall be financed from budget funds

6. In case of confirmation by the examination results of the fact of violation by the performer of the obligatory requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code, the performer shall be obliged to reimburse the examination costs in the manner prescribed by the legislation of the Republic of Kazakhstan.

7. The inspected performer shall, on its own initiative, conduct an examination (analysis, testing) of a sample remaining with it in an organization authorized in accordance with the legislation of the Republic of Kazakhstan to conduct an examination (analysis, testing).

The dispute about the divergence of examination (analysis, testing) results, conducted by the control and supervision body and the performer being inspected, is resolved through a judicial proceedings.

Article 150. Act on sampling of products

In the Act on sampling of products shall be indicated:

- 1) the place and date of compilation;
- 2) the number and date of the decision of the chief of control and supervision body on the basis of which the sampling of products shall be carried out;
- 3) the positions, full names (if they are indicated in the identity document) of the officials responsible for the sampling of products;
- 4) the name and location of the inspected performer from which product samples are taken;
- 5) the position and full name (if it is indicated in the identity document) of the authorized person of the inspected performer;
- 6) the list and number of sampled products with an indication of the producer, production date, batch series (number), total cost of the samples;
- 7) the type of packaging and number of seal (stamp).

Article 151. The limitations during inspection and preventive control and supervision with a visit to the performer (target) of control and supervision

Footnote. Heading of article 151 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

When conducting an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, the officials of control and supervision body shall not be entitled to:

1) to verify compliance with the requirements not established in the checklists of this control and supervision body, and also if such requirements do not fall within the competence of the state body on whose behalf these officials act;

2) to require the provision of documents, information, product samples, samples of the survey of environmental objects and objects of the production environment, if they are not the objects of inspection or do not belong to the subject of inspection;

3) to sample the products, samples of the survey of environmental objects and objects of the production environment to conduct their research, testing, measurements without formalization of protocols on specified sampling, samples in the prescribed form and (or) in quantities exceeding the standards established by national standards, sampling rules, samples and methods of their research, tests, measurements, technical regulations or other regulatory technical documents, rules and methods of research, testing, measurement, valid until the day of their entry into force;

4) to disclose and (or) disseminate information obtained as a result of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision and constituting a commercial, tax or other secret protected by law, with the exception of cases provided for by the laws of the Republic of Kazakhstan;

5) to exceed the time limits for the inspection and preventive control and supervision with a visit to the performer (object) of control and supervision;

6) to conduct an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, in relation to which an inspection or preventive control and supervision were previously conducted with a visit to the performer (target) of control and supervision by its superior (inferior) body or other state body on the same issue for the same period, except for the cases provided for in sub-paragraphs 3), 4), 8), 9) and 10) of paragraph 3 of Article 144 of this Code;

7) to carry out activities that are costly in nature, with a view to state control at the expense of inspected performers.

Footnote. Article 145 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its official publication).

Article 152. Procedure for registration of the inspection results

Footnote. Heading of article 152 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

1. According to the inspection results, the official of control and supervision body shall compile:

- 1) the Act on the inspection results;
- 2) the improvement notice to eliminate the violations found in cases of violations.

The Act on the inspection results shall indicate:

- 1) the date, time and place of the Act;
- 2) the name of the control and supervision body;
- 3) the date and number of the Act on inspection appointment on the basis of which the inspection was carried out;
- 4) the full name (if it is indicated in the identity document) and the position of the person (s) who carried out the inspection;
- 5) the full name (if it is indicated in the identity document) of the inspected performer, the position of the representative of an individual or legal entity who was present during the inspection;
- 6) the date, place and period of the inspection;
- 7) the information on the inspection results, including the violations found, their nature;
- 8) the name of the checklist and paragraphs of the requirements for which violations have been identified;
- 9) the information about familiarization or refusal to familiarize with the Act of the representative of the inspected performer, as well as persons who were present during the inspection, their signatures or refusal to sign;
- 10) the signature of the official (s) who carried out the inspection.

The following shall be attached to the Act on the inspection results:

- 1) the improvement notice to eliminate the violations found in cases of violations or another document provided by the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code);
- 2) the acts on sampling (samples) of products, survey of environmental objects, protocols (conclusions) of the conducted research (tests) and examinations and other documents or their copies related to the inspection results, if any.

For each Act on the inspection results, in the course of which violations of the checklists' requirements were identified, only one improvement notice shall be issued.

The improvement notice shall be compiled in accordance with paragraphs 2, 3 and 4 of Article 152-1 of this Code.

The forms of the Act on inspection appointment, of the Act on the inspection results, the improvement notice on elimination of the violations found shall be determined by the General

Prosecutor's Office of the Republic of Kazakhstan, with the exception of the Act on appointment (notification), the inspections results carried out by the state revenue bodies.

2. If there are comments and (or) objections on the inspection results, the chief of the legal entity or an individual or their representatives shall make comments and (or) objections in writing.

The comments and (or) objections shall be attached to the Act on the inspection results, as indicated by the corresponding note.

3. The Act on the inspection results and the improvement notice shall be compiled in triplicate.

The control and supervision body sends the first copy of the Act on the inspection results in electronic form to the authorized body in the field of legal statistics and special accounting and its territorial bodies, the second copy shall be submitted on paper to the control and supervision performer (the chief of the legal entity or his authorized person, an individual) to familiarize and take measures to eliminate violations and other actions, the third remains with the control and supervision body.

4. For additional violations of time and (or) financial expenses identified as a result of the inspection, the performer of control and supervision shall, within three working days, apply to the state body that conducted the inspection, with an application to extend the time limits for elimination of violations.

In the statement, the performer of control and supervision shall be obliged to set out the measures that will be taken to eliminate the violations and the objective reasons for the time limits extension for the elimination of violations.

The state body that conducted the inspection, within three working days, taking into account the arguments set forth in the application, decides to extend the time limits for the elimination of violations or to refuse to renew them with a reasoned justification.

5. The inspected performers have the right to keep a register of visits and inspections. The officials of control and supervision bodies shall be obliged in the register of visits and inspections of inspected performers to make a record of the actions taken, indicating the names, positions and data set out in the Act.

6. The seizure of genuine accounting and other documents shall be prohibited.

The seizure of original documents shall be made in accordance with the norms of the Criminal Procedure Code of the Republic of Kazakhstan, as well as in cases provided for by the Administrative Violations Code of the Republic of Kazakhstan.

7. When conducting an inspection, the record shall be made in the Act on the inspection results in the absence of violations of the requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code.

8. The end of the inspection period shall be the day when the Act on the inspection results is handed over to the inspected performer, no later than the end date of the inspection specified in the Act on inspection appointment.

9. Upon expiry of the period for elimination of violations established in the improvement notice on elimination of the violations found, the performer of control and supervision within the term specified in the improvement notice shall provide the body of control and supervision that carried out the inspection with information on the elimination of the violations found.

10. In the event that the performer of control and supervision fails to provide information on the execution of the improvement notice on elimination of significant and minor violations identified in the criteria for risks assessment identified as a result of the inspection, the control and supervision body sends to the control and supervision performer within two working days a request for the need to provide information on the execution of the improvement notice.

After receipt of a request for the need to provide information in accordance with the first part of this paragraph, the performer of control and supervision shall submit the relevant information to the control and supervision body within three working days.

In case of failure to provide information in accordance with the second part of this paragraph, the control and supervision body has the right to appoint an unscheduled inspection in accordance with sub-paragraph 1-1) of paragraph 3 of Article 144 of this Code.

Footnote. Article 152 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its official publication).

Article 152-1. The procedure of registration of the results of preventive control and supervision with a visit to the performer (target) of control and supervision

1. According to the results of preventive control and supervision with a visit to the performer (target) of control and supervision, conducted on the basis of a risk assessment system, an official of the control and supervision body in the event of violations shall compile the improvement notice on elimination of the violations found.

2. The improvement notice on elimination of the violations found shall indicate:

1) the date, time and place of the improvement notice;
2) the name of the control and supervision body;
3) the full name (if it is indicated in the identity document) and the position of the person (s) who carried out preventive control and supervision with a visit to the performer (target) of control and supervision;

4) the full name (if it is indicated in the identity document) of the performer of control and supervision, the position of a representative of a individual or legal entity who was present during preventive control and supervision with a visit to the performer (target) of control and supervision;

5) the date, place and period of preventive control and supervision with a visit to the performer (target) of control and supervision;

6) the list of violations found in accordance with points of the checklist with the obligatory indication of the severity of the violation in accordance with subjective criteria for risk assessment;

7) the recommendations and instructions on possible actions to eliminate the violations found, indicating the time limits for their elimination;

8) information about familiarization or refusal to familiarize with the improvement notice of the representative of the performer of control and supervision (the chief of a legal entity or its authorized person, an individual), as well as persons who were present during preventive control and supervision with a visit to the subject (object) of control and supervision, their signatures or refusal to sign;

9) the signature of the official (s) who conducted preventive control and supervision with a visit to the performer (target) of control and supervision.

3. The time limits of execution of the improvement notice to eliminate the violations found shall be determined taking into account the circumstances affecting the real possibility of its execution, but not less than ten calendar days from the date of delivery of the improvement notice to eliminate the violations found.

In determining the time limits of the improvement notice of the regulation to eliminate the violations found, the following shall be taken into account:

1) the presence of the performer of control and supervision of organizational, technical and financial capabilities to eliminate violations;

2) the features of the technical condition of the used production facilities;

3) the time limits for obtaining in the state bodies, local executive bodies of the relevant permit or notification, provided for in Annexes 1, 2 and 3 to the Law of the Republic of Kazakhstan "On Permits and Notifications", as well as other obligatory opinions, approvals and other documents established by the laws of the Republic Kazakhstan.

4. The improvement notice on elimination of the violations found shall be made in triplicate.

The control and supervision body sends the first copy of the improvement notice on elimination of the violations found in electronic form to the authorized body in the field of legal statistics and special accounts and its territorial bodies, the second copy is handed over on paper to the control and supervision performer (the chief of the legal entity or his authorized person, an individual) to familiarize and take measures to eliminate violations and other actions, the third remains with the control and supervision body.

5. According to the violations found as a result of preventive control and supervision with a visit to the performer (target) of control and supervision, if necessary, additional time and (or) financial costs shall be given by the performer of control and supervision to provide information on the measures that will be taken on the elimination of the violations found, with

the indication of the terms, which are coordinated with the chief of the state body that conducted the inspection, unless otherwise provided by the legislation of the Republic of Kazakhstan.

6. The end of the period of preventive control and supervision with a visit to the performer (target) of control and supervision shall be considered the day of delivery of the conclusion and control to the performer (if there are no violations) or the improvement notice on elimination of the violations found no later than the end of the preventive control and supervision with a visit to the performer (target) of control and supervision specified in the Act on appointment of preventive control and supervision with a visit to the performer (target) of control and supervision.

7. Upon expiry of the period for elimination of violations established in the improvement notice on elimination of the violations found, the performer of control and supervision during the period established in the improvement notice shall be obliged to provide the control and supervision body that conducted preventive control and supervision with a visit to the performer (target) of control and supervision, the information on elimination of violations.

8. In the event that the performer of control and supervision fails to provide within the prescribed period the information on execution of the improvement notice on elimination of significant and minor violations identified in the criteria for risk assessment identified as a result of preventive control and supervision with a visit to the performer (target) of control and supervision, the control body and supervision within two working days sends to the performer of control and supervision a request for the need to provide information on the execution of the improvement notice.

After receipt of a request for the need to provide information in accordance with the first part of this paragraph, the performer of control and supervision shall submit the relevant information to the control and supervision body within three working days.

In case of failure to provide information in accordance with the second part of this paragraph, the control and supervision body has the right to appoint an unscheduled inspection in accordance with sub-paragraph 1-1) of paragraph 3 of Article 144 of this Code.

Footnote. Chapter 13 is supplemented by the article 152-1 in accordance with the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its official publication).

Article 153. Measures taken by officials of control and supervision bodies on violations found during the inspection

If, as a result of the inspection, the fact of violations by the inspected performer of the requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code will be found, the officer (s) of the control and supervision body shall be obliged to accept those provided for by the laws of the Republic of Kazakhstan measures to eliminate the violations found, prevent them, prevent possible harm to life, health of people and the environment, the legitimate interests of individuals and legal

entities, as well as measures to attract persons committed violations to liability established by the laws of the Republic of Kazakhstan.

When taking measures of a prohibitive and restrictive nature in relation to the inspected performer, the control and supervision body shall notify the prosecutor in cases and in the manner determined by the laws of the Republic of Kazakhstan.

Article 154. Rights and obligations of officials of state bodies in the exercise of control and supervision

1. When carrying out the control and supervision of inspected performers, the officials of state bodies shall be entitled to:

1) the unimpeded access to the territory and premises of the inspected performer upon presentation of the documents indicated in paragraph 3 of Article 147 of this Code;

2) to receive documents (information) on paper and electronic media or copies thereof for attachment to the Act on the inspection results or the improvement notice on elimination of the violations found, as well as access to automated databases (information systems) in accordance with the subject of the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision;

2-1) to carry out audio-, photo- and video recording;

3) to involve specialists, consultants and experts of state bodies and subordinate organizations.

2. The officials of the control and supervision bodies that carry out inspection or preventive control and supervision with a visit to the performer (target) of control and supervision shall be prohibited from making demands and making requests that are not related to the subject of inspection or preventive control and supervision with a visit to the performer (target) control and supervision.

3. The officials of the control and supervision bodies during the control and supervision shall be obliged to:

1) comply with the legislation of the Republic of Kazakhstan, the rights and legitimate interests of the inspected performers;

2) conduct inspections or preventive control and supervision with a visit to the performer (target) of control and supervision on the basis of and in strict accordance with the procedure established by this Code and (or) other laws of the Republic of Kazakhstan;

3) not to interfere with the established mode of work of the performers (targets) of control and supervision during the period of the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision;

4) timely and fully execute the powers granted in accordance with the laws of the Republic of Kazakhstan to prevent, detect and suppress violations of the requirements established by the legislation of the Republic of Kazakhstan in accordance with paragraph 2 of Article 132 of this Code;

5) not to prevent the performer of control and supervision to be present when conducting an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, to give explanations on issues relating to the subject of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

6) to provide the performer of control and supervision with the necessary information relating to the performer of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, during their conduct;

7) hand over to the performer of control and supervision the Act on the inspection results or the improvement notice to eliminate the violations found as a result of the preventive control and supervision conducted with a visit to the performer (target) of control and supervision on the day of their termination or in the manner and time established by the Law of the Republic of Kazakhstan "On the National Bank of the Republic of Kazakhstan";

8) to ensure the safety of documents and information obtained as a result of the inspection and preventive control and supervision with a visit to the performer(target) of control and supervision.

Footnote. Article 154 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its official publication).

Article 155. Rights and obligations of the performer of control and supervision or his authorized representative in the exercise of control and supervision

1. The performers of control and supervision or their authorized representatives in the exercise of control and supervision shall be entitled to:

1) not to allow for inspection and preventive control and supervision with a visit to the performer (target) of control and supervision of officials of the control and supervision bodies who arrived to conduct an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision on the target, in cases

of non-compliance with the frequency of inspections conducted in a special manner, and preventive control and supervision with a visit to the performer (target) of control and supervision specified in the regulatory legal acts of the Republic of Kazakhstan, approved in accordance with Article 141 of this Code;

of exceeding or expiry of the inspection and preventive control and supervision specified in the Act of appointment with a visit to the performer (target) of control and supervision of terms that do not meet the time limits established by this Code;

the appointment of control and supervision body of the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, in relation to which an inspection or preventive control and supervision were previously conducted with a

visit to the performer (target) of control and supervision on the same issue for one and the same period, with the exception of cases provided for by sub-paragraphs 3), 4), 8), 9) and 10) of paragraph 3 of Article 144 of this Code;

of appointment of an unscheduled inspection in accordance with subparagraph 1) of paragraph 3 of Article 144 of this Code, if the previous inspection or preventive control and supervision with a visit to the performer (target) of control and supervision did not find the violations;

of the lack of information and documents provided by Articles 141, 143 and paragraph 1 of Article 146 of this Code;

of the appointment of inspection for a period that goes beyond the period of time specified in the application or report on the criminal offenses committed or under preparation, in other complaints about violations of the rights and legitimate interests of individuals, legal entities and the state;

of the instructions to conduct an inspection or preventive control and supervision with a visit to the performer (target) of control and supervision to persons who do not have the appropriate powers;

of specifying in one Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision of several performers of control and supervision, subject to inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, except as specified in paragraph 6 of Article 147 of this Code;

of extension of the time limits for inspection or preventive control and supervision with a visit to the performer (target) of control and supervision over the period established by this Code;

of gross violations of the requirements of this Code in accordance with paragraph 2 of Article 156 of this Code;

2) not to provide information if it is not related to the subject of the inspection or preventive control and supervision with a visit to the performer (target) of control and supervision, as well as to the period specified in the Act;

3) appeal against the Act on the appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, act on the inspection results, the improvement notice on elimination of the violations found and actions (inaction) of officials of state bodies in the manner prescribed by this Code and the legislation of the Republic Kazakhstan;

4) not to comply with the non-statutory prohibitions of the control and supervision bodies or officials restricting the activities of performers (targets) of control and supervision;

5) record the process of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, as well as individual actions of an official, carried out by him in the framework of inspection and preventive control and supervision

with a visit to the performer (target) of control and supervision, with the help of means of audio and video equipment, without creating obstacles to the activities of the official;

6) to involve third parties in the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision in order to represent their interests and rights, as well as the implementation by third parties of the actions provided for in subparagraph 5) of this paragraph.

2. The performers of control and supervision or their authorized representatives when conducting by control and supervision bodies of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision shall be obliged to :

1) ensure unimpeded access of officials of the control and supervision bodies to the territory and premises of the performer (target) of control and supervision, subject to the requirements of paragraph 1 of Article 146 of this Code;

2) in compliance with the requirements for the protection of commercial, tax or other secrets protected by law, submit documents (information) on paper and electronic media or copies of them to officials of the inspection and supervision bodies for inclusion of the Act on the inspection results and the improvement notice on elimination of the violations found as well as the access to automated databases (information systems) in accordance with the objectives and subject of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

3) make a note of receipt of the second copy of the Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

4) make a note of receipt of the second copy of the Act on the inspection results and the improvement notice on elimination of the violations found on the day of the end of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

5) not to allow amendments and additions to the checked documents during the period of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, unless otherwise provided by this Code or other laws of the Republic of Kazakhstan;

6) ensure the safety of persons who arrived to conduct an inspection and preventive control and supervision with a visit to the performer (target) of control and supervision of the object from harmful and dangerous production factors of exposure in accordance with the standards established for the object;

7) in case of receipt of notification, be at the location of the target of control and supervision within the appointed time frame for inspection and preventive control and supervision with a visit to the subject (object) of control and supervision.

Footnote. Article 155 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 156. Invalidity of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision, conducted with a gross violation of the requirements of this Code

1. The inspection and preventive control and supervision with a visit to the performer (target) of control and supervision shall be deemed invalid if they are carried out by the control and supervision body with a gross violation of the requirements for organizing and conducting inspections and preventive control and supervision with a visit to the performer (target) of control and supervision established by this Code.

The act on inspection and the improvement notice on elimination the violations found following the results of preventive control and supervision with a visit to the performer (target) of control and supervision invalidated shall not be the evidence of the violation by the performers of control and supervision of the requirements established in accordance with paragraph 2 of Article 132 of this Code.

The recognition of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision as invalid is the basis for the superior of state body or the court to cancel the act on this inspection and the improvement notice on elimination of the identified violations according to the results of the preventive control and supervision.

The consideration by the superior state body of the application of the performer of control and supervision about the cancellation of the act due to the invalidity of the inspection and the cancellation of the improvement notice on elimination of the violations found due to the invalidity of the preventive control and supervision with a visit to the performer (target) of control and supervision shall be carried out within ten working days from the date of statements submission.

The violation of the time limits for consideration of such an application shall be decided in favor of the performer of control and supervision.

2. The gross violations of the requirements of this Code include:

1) the lack of grounds for the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

2) the absence of the Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

3) the lack of notification, as well as non-compliance with the terms of the notification of the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

4) the violation of the requirements of Article 151 of this Code;

5) the violation of the frequency of inspections in accordance with a special procedure of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision specified in the regulatory legal acts of the Republic of Kazakhstan, approved in accordance with Article 141 of this Code;

6) the failure to submit to the performer of control and supervision of the Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision;

7) the appointment by state bodies of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision on issues that are not within their competence;

8) the inspection and preventive control and supervision with a visit to the performer (target) of control and supervision without registration of the Act on appointment of inspection and preventive control and supervision with a visit to the performer (target) of control and supervision in the authorized body in the field of legal statistics and special accounts, when such registration is required;

9) the violation of the time limits of inspections and preventive control and supervision with a visit to the performer (target) of control and supervision, provided for in Article 148 of this Code;

10) the unscheduled inspection in accordance with subparagraph 1) of paragraph 3 of Article 144 of this Code in the absence of gross violations as a result of inspections in accordance with a special procedure for conducting inspections and preventive control and supervision with a visit to the performer (target) of control and supervision.

Footnote. Article 156 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 157. Procedure for appealing decisions, actions (inaction) of the bodies of control and supervision and their officials

1. In case of violation of the rights and legitimate interests of inspected performers in the exercise of control and supervision, the inspected performers has the right to appeal against decisions, actions (inaction) of control and supervision bodies and their officials to a superior state body in the manner prescribed by Chapter 29 of this Code, or in court in accordance with the legislation of the Republic of Kazakhstan.

2. The appeals against decisions, actions (inaction) of state bodies and officials related to the investigation of a criminal case being checked by a performer shall be carried out in accordance with the procedure established by the Criminal Procedure Code of the Republic of Kazakhstan.

Paragraph 3. Control over compliance with the terms of investment contracts

Article 158. Forms of control over compliance with the terms of investment contracts

The control over compliance with the terms of investment contracts shall be carried out by the authorized body on investments in the following forms:

1) in-house review, carried out on the basis of the study and analysis of reports submitted in accordance with paragraph 1 of Article 159 of this Code;

2) visits to the target of investment activity, including the review of documents on the execution of the work program and the terms of the investment contract.

Article 159. Procedure for organization and control over compliance with the terms of investment contracts

1. After an investment contract has been concluded, a legal entity of the Republic of Kazakhstan submits, in the form established by the authorized investment body, the semi-annual reports on the implementation of the investment contract no later than July 25 and January 25 with the cost items specified in the work program, with documents confirming commissioning of fixed assets, supply and use of spare parts for process equipment, raw materials and (or) materials.

2. The amendments to the annexes to the investment contract and the special investment contract may be made by agreement of the parties once a year.

3. The inspection with a visit to an investment activity facility is conducted within a period of six months after the commissioning of fixed assets, subject to the completion of the work program.

4. According to the inspection results, a representative of the authorized investment body and the chief of a legal entity that has entered into an investment contract shall sign, in the form established by the authorized investment body, an act of the current state of execution of the investment contract work program.

5. In case of non-fulfillment or inadequate execution of the work program of the investment contract, the authorized investment body sends a written notice indicating violations to the legal entity of the Republic of Kazakhstan that has entered into the investment contract and establishes a three-month period to eliminate the violations.

6. If, according to the inspection results carried out by the authorized investment body, it will be established that the technological equipment, components, spare parts to it, raw materials and (or) materials imported for the implementation of the investment project and exempted from customs duties commissioned or were not used, the legal entity of the Republic of Kazakhstan, who did not pay the amount of customs duties due to the investment preferences provided under the investment contract, pays them in the part of unused equipment, components, spare parts, raw materials and (or) materials with penalty imposed in accordance with the legislation of the Republic of Kazakhstan.

7. After completion of the implementation of the work program, a legal entity of the Republic of Kazakhstan that has entered into an investment contract, within two months, submits to the authorized investment body an audit report, which shall contain:

- 1) information on the performance of investment obligations under the work program;
- 2) interpretation of fixed assets acquired in accordance with the work program;
- 3) a consolidated register of documents confirming the implementation of the work program;
- 4) information on the performance of the conditions of the investment contract.

If an investment contract provides for an investment grant, a legal entity of the Republic of Kazakhstan that has entered into an investment contract, within two months, submit to the authorized body an audit report of an auditing organization that meets the minimum requirements established by the authorized body in the field of auditing activity.

8. The information on the termination of an investment contract in order to ensure the protection of the economic interests of the state shall be sent to:

- 1) state revenue bodies and, if necessary, to other state bodies for taking appropriate measures;
- 2) under investment contracts, under which a government grant-in-kind was provided, to state revenue bodies, an authorized body on state-owned property management and (or) a central competent body on land resources management, as well as local executive bodies.

9. The legal entity of the Republic of Kazakhstan that has entered into an investment contract during the term of the investment contract has no right to:

- 1) change the purpose of the provided government grant-in-kind, as well as property acquired in accordance with the work program;
- 2) alienate the provided government grant-in-kind, as well as property acquired in accordance with the work program.

10. The control over the targeted use of objects exempted from customs duties shall be carried out in the manner determined by the Eurasian Economic Commission.

Footnote. Article 159 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (shall be enforced from January 1, 2018); dated December 26, 2017 No. 124-VI (shall be enforced from January 1, 2018).

SECTION 4. ECONOMIC COMPETITION

Chapter 14. COMPETITION

Article 160. Objectives of state regulation of competition

The objectives of state regulation of competition are the protection of competition, the maintenance and creation of favorable conditions for fair competition in the commodity markets of the Republic of Kazakhstan and the effective functioning of commodity markets, ensuring the unity of the economic space, the free movement of goods and the freedom of economic activity in the Republic of Kazakhstan, regulation and restriction of monopolistic activities in accordance with this Code, promoting fair competition and preventing violations of the legislation of the Republic of Kazakhstan in the field of protection of competition,

preventing anti-competitive actions of state and local executive bodies, organizations endowed with state functions of regulating the activities of market entities and unfair competition.

Footnote. Article 160 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 161. Relations in the field of state regulation of competition

1. This section applies to relationships that influence or shall affect competition in the commodity markets of the Republic of Kazakhstan, in which market entities, consumers, as well as state bodies and local executive bodies participate. In this case, a consumer is an individual or legal entity who purchases goods for their own needs.

2. The provisions of this section also apply to actions performed by a market entity outside the territory of the Republic of Kazakhstan, if one of the following conditions is fulfilled as a result of such actions:

1) the fixed assets and (or) intangible assets or shares (equity interest in authorized capital) of market entities, property or non-property rights in relation to legal entities of the Republic of Kazakhstan are directly or indirectly affected;

2) the competition in the Republic of Kazakhstan is limited.

Article 162. Concept of competition

1. The competition is the competitiveness of market entities, in which their independent actions effectively limit the ability of each of them to unilaterally influence the general conditions of circulation of goods in the relevant commodity market.

2. The competition is based on the principles of competition, honesty, legality, and respect for the rights of consumers, which are applied in the same way, equally and on equal terms to all market entities, regardless of the organizational and legal form and place of registration of such market entities.

Article 163. State competition policy

1. The anti-monopoly body is a state body that exercises leadership in the field of protecting competition and restricting monopolistic activity, controlling and regulating activities related to the state monopoly.

2. The antimonopoly body shall develop proposals for the formation of state policy in the field of protection of competition and restriction of monopolistic activity.

3. The central and local executive bodies shall participate in the implementation of state policy in the field of competition within their competence as defined by this Code and other legislation of the Republic of Kazakhstan.

4. Within their competence, state bodies shall be obliged to take measures to promote competition in the implementation of state policy in relevant sectors of the economy and not to take actions (inaction) that adversely affect competition.

Footnote. Article 163 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 163-1. Compulsory services provided by natural monopoly entities and quasipublic sector

1. In order for safety of production certain types of goods, works, services, the natural monopoly entities and quasipublic sector shall provide compulsory services to individuals and legal entities provided by the legislation of the Republic of Kazakhstan.

2. By compulsory services shall be understood the activities (actions, processes) carried out by natural monopoly entities and (or) quasipublic sector, which shall be mandatory for individuals and legal entities in accordance with the legislation of the Republic of Kazakhstan , and also confirm their right to carry out their activities or actions (operations), and non-receipt of such services shall entail an administrative or civil responsibility.

Footnote. Chapter 14 is supplemented by Article 163-1 in accordance with the Law of the Republic of Kazakhstan No. 156-VI dated 24.05.2018 (shall be enforced from 01.01.2019).

Article 164. Market entity

The market entities are:

- 1) an individual engaged in entrepreneurial activities;
- 2) a legal entity of the Republic of Kazakhstan engaged in entrepreneurial activities;
- 3) a foreign legal entity (its branch and representative office) engaged in entrepreneurial activities;
- 4) a non-profit organization carrying out entrepreneurial activities in accordance with its statutory objectives.

Article 165. Group of persons

1. The group of persons is an aggregate of individuals and (or) legal entities that correspond to one or more of the following characteristics:

- 1) a market entity and an individual or legal entity, if such an individual or such legal entity has, by virtue of its participation in this market entity or in accordance with the powers received, including on the basis of a written agreement, from other persons, the right to dispose more than fifty percent of the total number of votes attributable to voting shares (equity interest in authorized capital, shares) of this market entity;
- 2) a market entity and an individual or legal entity, if such an individual or such legal entity performs the functions of the sole executive body of the this market entity;
- 3) a market entity and an individual or legal entity, if such an individual or such legal entity, on the basis of the constituent documents of this market entity or the contract concluded with this market entity, has the right to give instructions to this market entity;
- 4) legal entities in which more than fifty percent of the quantitative composition of the collegial executive body and (or) the board of directors (supervisory board, board of the fund) are the same individuals;
- 5) a market entity and an individual or legal entity, if upon the proposal of such an individual or such legal entity a sole executive body of the this market entity is appointed or elected;

6) a market entity and an individual or legal entity, if, at the proposal of such an individual or such legal entity, more than fifty percent of the number of members of the collegial executive body or the board of directors (supervisory board) of this market entity is elected;

7) an individual, his/her spouse, parents (including adoptive parents), children (including adopted children), full- and half-blood siblings;

8) persons, each of which, for any of the sub-paragraphs 1), 2), 3), 4), 5), 6) and 7) of this paragraph, belongs to a group with the same person, as well as other persons entering with any of such persons in the group on any of the grounds indicated in sub-paragraphs 1), 2), 3), 4), 5), 6) and 7) of this paragraph;

9) a market entity, individuals and (or) legal entities that, for any of the items indicated in sub-paragraphs 1), 2), 3), 4), 5), 6), 7) and 8) of this paragraph, include to a group of persons, if such persons, by virtue of their joint participation in this market entity or in accordance with powers received from other persons, have the right to control more than fifty percent of voting shares (stakes in the authorized capital, units) of this market entity.

2. The group of persons is considered as a unified market entity. The provisions of this section relating to market entities apply to a group of persons.

Article 166. Affiliates of legal entities

1. For the purposes of this section, under affiliates of legal entities, more than fifty percent of whose shares (equity interest in authorized capital) owned by the state are understood to be legal entities in which more than fifty percent of shares (stakes in the authorized capital) directly or indirectly belong to legal entities, more than fifty percent of whose shares (stakes in the authorized capital) belong to the state.

2. The indirect affiliation means the ownership by each subsequent affiliated person of more than fifty percent of the shares (stakes in the authorized capital) of another legal entity.

Chapter 15. MONOPOLISTIC ACTIVITY

Article 167. Concept and kinds of monopolistic activity

1. The monopolistic activity is the activity of market entities, whose position makes it possible to control the relevant commodity market, including making it possible to have a significant impact on the general conditions of circulation of goods in the relevant commodity market.

2. The monopolistic activities limited by this Code include:

- 1) anti-competitive agreements of market entities;
- 2) anti-competitive concerted actions of market entities;
- 3) abuse of dominant or monopolistic position.

Article 168. Types of anti-competitive agreements and concerted practices

1. The anti-competitive agreements or concerted actions between market entities that are competitors (market entities engaged in the sale or purchase of goods on the same commodity market) are horizontal.

The competitor is the market entity who is in a state of competition with other entities of the relevant market due to the fact that it produces and (or) sells the goods in the relevant commodity market that is similar or interchangeable with the goods of market entities.

The potential competitor is recognized as a market entity that has the ability (owns equipment, technology) to produce and (or) sell the goods that is similar or interchangeable with a competitor's goods, but does not produce and does not sell it in the relevant commodity market.

2. The anti-competitive agreements between non-competing market entities, one of which purchases the goods and the other provides the goods or is its potential seller (supplier), are vertical.

Article 169. Anti-competitive agreements

1. It is recognized as a cartel and horizontal agreements between market entities are prohibited if such agreements result or may lead to:

1) the establishment or maintenance of prices (tariffs), discounts, extra charges (extra payments) and (or) markups;

2) increase, decrease or maintain prices at the auctions, distort the results of trades, auctions and contests, including by dividing by lots;

3) the division of the commodity market on a territorial basis, the volume of sale or purchase of goods, the range of goods sold or the composition of sellers or customers (clients) ;

4) the reduction or termination of the goods production;

5) the refusal to conclude contracts with certain sellers or customers (clients).

The provisions of sub-paragraph 2) of the first part of this paragraph apply, including, but not limited to agreements between market entities belonging to the same group of persons.

2. The vertical agreements between market entities shall be prohibited if:

1) such agreements result or may lead to the establishment of the resale price of the goods , unless the seller establishes for the customer (client) the maximum resale price of the goods;

2) such an agreement provides for the obligation of the customer (client) not to sell the goods of a market entity that is a competitor of the seller. This prohibition does not apply to agreements on the organization by the customer of the sale of goods under a trademark or other means of individualization of the customer or producer;

3) such an agreement provides for the seller's obligation not to sell goods to a market entity that is a competitor of the customer (client).

3. It is prohibited and recognized as invalid in full or in part in the manner prescribed by the legislation of the Republic of Kazakhstan, agreements reached in any form between market entities that lead or may lead to restriction of competition, including concerning:

1) the establishment or maintenance of discriminatory conditions to equivalent contracts with other market entities, including the establishment of agreed terms for the purchase and (or) sale of goods;

2) economically, technologically and otherwise unreasonable establishment by market entities of different prices (tariffs) for the same product;

3) unreasonable restriction or termination of the sale of goods;

4) the conclusion of contracts subject to the acceptance by counterparties of additional obligations which, by their content or according to traditional business practice, do not concern the subject of these contracts (unreasonable requirements for the transfer of funds and other property, property or non-property rights);

5) the restrictions on access to the commodity market or elimination from it of other market entities as sellers (suppliers) of certain goods or their customers.

The prohibitions established by the first part of this paragraph do not apply to vertical agreements if the share of the market entity (s) in one of the considered commodity markets does not exceed twenty percent, with the exception of vertical agreements when organizing and conducting procurement of goods and trades or -public-private partnership agreement, including concession agreements, integrated entrepreneurial license (franchise).

4. The anti-competitive agreements shall be concluded (achieved) in written and (or) oral form.

5. The coordination of actions of market entities by a third party who is not in the same group of persons with one of these market entities and who does not operate in the commodity market (s) in which the actions of market entities are coordinated, is recognized as coordination of economic activity. The coordination of economic activities of market entities that may lead, resulting in or leading to the consequences listed in paragraphs 1-3 of this Article, is prohibited.

6. The prohibitions on anticompetitive agreements do not apply to agreements between market entities that belong to one group of persons, if one of these market entities has control over another market entity, as well as if such market entities are under the control of one person.

The control is the ability of an individual or legal entity, directly or indirectly (through a legal entity or through several legal entities) to determine decisions made by another legal entity, through one or several of the following actions:

1) the disposal of more than fifty percent of voting shares (stakes in the authorized capital, units) of the legal entity;

2) the exercise of the functions of the executive body of the legal entity.

7. The requirements of this Article do not apply to agreements on the exercise of exclusive rights to the results of intellectual activity and equated to them means of individualization of the legal entity, means of individualization of goods, provided that such agreements have not led or cannot lead to restriction or elimination of competition.

8. The agreements provided for by this Article, with the exception of those specified in paragraph 1 of this Article, shall be deemed admissible if they do not impose restrictions on the market entities that are not necessary to achieve the objectives of these agreements and do not create the opportunity to eliminate competition in the relevant commodity market, and if market entities prove that such agreements have or may result in:

1) the assistance in improving the production (sale) of goods or stimulating technical (economic) progress or increasing the competitiveness of goods produced by the parties in the world commodity market;

2) consumers receiving a proportionate part of the benefits (profits) that are acquired by the relevant persons from commitment of such actions.

Footnote. Article 169 as amended by the Laws of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 169-1. The requirements for the protection of competition in the organization and conduct of procurement of goods and trades

1. The organizers of the procurement of goods, procurement operators and trade operators are prohibited from coordinating the activities of procurement suppliers and participants in trades, if this action leads or may lead to the prevention, restriction or elimination of competition.

2. The organizers of the procurement of goods shall be understood as:

1) government bodies, government agencies, with the exception of the National Bank of the Republic of Kazakhstan and its departments;

2) state-owned enterprises, legal entities, fifty and more percent of voting shares (stakes in the authorized capital) owned by the state, and legal entities affiliated with them, national managing holdings, national holdings, national companies and organizations, fifty or more percent of shares (stakes in the authorized capital) which are directly or indirectly owned by the national managing holding, national holding, national company, with the exception of organizations owned by the National Bank of the Republic of Kazakhstan, and legal entities, fifty or more percent of voting shares (stakes in the authorized capital) owned by the National Bank of the Republic of Kazakhstan or are in his confidential management;

3) subsoil users, mining at large mineral deposits and purchasing goods in the manner established by the legislation of the Republic of Kazakhstan on Subsoil and Subsoil Use;

4) natural monopoly entities.

3. The procurement and trade operators shall be understood as persons who carry out organizational and technical support for purchases and trades by directly conducting them using trade or information systems, commodity exchanges and other trading platforms, with the exception of individuals who carry out organizational and technical support for purchases and tenders using trade or information systems, commodity exchanges and other trading

platforms for the implementation of own property and (or) the acquisition of goods (works, services) for own needs and (or) the needs of market entities, entering with them in the same group.

The procurement and trade operators specified in the first part of this paragraph include:

1) the state bodies, state institutions, state enterprises, legal entities, fifty and more percent of voting shares (stakes in the authorized capital) owned by the state, and legal entities affiliated with them, national managing holdings, national holdings, national companies and organizations, fifty and more percent of shares (stakes in the authorized capital) of which are directly or indirectly owned by the national managing holding, national holding, national company;

2) the commodity exchanges and other trading platforms and systems where contracts for the sale of goods between market entities, between state bodies or public institutions and market entities are concluded.

4. The organizers of the procurement of goods, with the exception of procurement conducted in electronic form, and the subsoil users indicated in sub-paragraph 3) of paragraph 2 of this Article, who provide information on the procurement to the authorized state bodies and (or) authorized organizations in accordance with the legislation of the Republic of Kazakhstan shall provide to the anti-monopoly body:

1) the annual procurement plan not later than one month from the date of its approval, except for the case of posting it on the corresponding Internet resource;

2) the information on purchases made in the form approved by the anti-monopoly body, quarterly no later than the tenth day of the month following the reporting quarter.

5. The authorized state bodies and (or) authorized organizations that receive procurement information from subsoil users indicated in sub-paragraph 3) of paragraph 2 of this Article are required to provide permanent access to the information system of electronic procurement of goods or, in its absence, upon request of the anti-monopoly body on purchases made in accordance with the form approved by the anti-monopoly body, quarterly no later than the tenth day of the month following the reporting quarter.

6. The operators of procurement and trades, with the exception of purchases and tenders held in electronic form, provide the anti-monopoly body with information on the trades held quarterly no later than the tenth day of the month following the reporting quarter.

7. The operators of procurement and trades conducted in electronic form, at the request of the anti-monopoly body, shall provide constant access to:

1) to trade or information systems, commodity exchanges and other trading platforms for electronic procurement of goods or trades, allowing real-time monitoring of the procurement of goods and trades;

2) to documentation and other information relating to the procurement and trades process.

Footnote. Chapter 15 is supplemented by the article 169-1 in accordance with the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon the expiry of ten calendar days after its official publication).

Article 170. Anti-competitive concerted actions of market entities

1. The concerted actions of market entities engaged in the production, sale of goods aimed at restricting competition, shall be prohibited including those concerning:

- 1) the establishment and (or) maintenance of prices or other conditions for the purchase or sale of good;
- 2) the unreasonable restrictions on the production or sale of goods;
- 3) the unreasonable refusal to conclude contracts with certain sellers (suppliers) or customers;
- 4) the application of discriminatory conditions to equivalent contracts with other entities.

2. The actions of market entities indicated in paragraph 1 of this Article may be deemed to be agreed if they satisfy in aggregate the following conditions:

- 1) these actions limit competition;
- 2) the result of such actions corresponds to the interests of each of the market entities;
- 3) the actions of market entities shall be known in advance to each of them in connection with the public announcement of one of them or the public publication of information by one of them about the commission of such actions;
- 4) the actions of each of the specified market entities are caused by the actions of other market entities participating in concerted actions;
- 5) the actions of market entities shall not be the result of circumstances that equally affect these market entities (amendments in tax and other legislation of the Republic of Kazakhstan, the dynamics of consumption, tariffs for services of natural monopolies entities, prices for raw materials and goods used in the production and sale of goods);
- 6) the total share of market entities in the relevant commodity market is thirty-five or more percent. In this case, the minimum value of the share of one market entity in the relevant commodity market should be five or more percent.

3. The actions of the market entities indicated in paragraph 1 of this Article shall be recognized as agreed regardless of the existence of a written agreement.

4. The concerted actions are allowed if they are committed by market entities that belong to the same group of persons and are aimed at:

- 1) improving production through the introduction of advanced technologies;
- 2) the development of small and medium enterprises;
- 3) development and application of standardization documents.

Footnote. Article 170 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); No. 184-VI dated 05.10.2018 (shall be enforced upon expiry of six months after its first official publication).

Article 171. Preliminary consideration of the draft of an agreement of market entities

1. The market entities with an intention to reach an agreement that shall be deemed admissible in accordance with Article 169 of this Code are entitled to apply to the anti-monopoly body with a statement to verify that the draft of the agreement complies with the requirements of Article 169 of this Code with the necessary documents attached in electronic form.

2. The anti-monopoly body shall decide on the compliance or non-compliance of the draft of the agreement of market entities with the requirements of Article 169 of this Code within thirty calendar days from the date of receipt of the application indicated in paragraph 1 of this Article.

Footnote. Article 171 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 172. Dominant or monopolistic position

1. The dominant or monopolistic position is the position of a market entity or several market entities in the relevant commodity market, giving the market entity or several market entities the ability to control the relevant commodity market, including having a significant impact on the general conditions of goods circulation.

2. The dominant position of the market entity is established in accordance with the Methodology for analyzing and assessing the state of the competitive environment in the commodity market, approved by the anti-monopoly body.

3. The position of a market entity whose share in the relevant commodity market is thirty-five percent or more is recognized as dominant if the following circumstances are established in relation to such market entity:

1) the ability of a market entity to unilaterally determine the level of the price of goods and have a decisive influence on the general conditions for the sale of goods on the commodity market;

2) the presence of economic, technological, administrative or other restrictions on access to the commodity market;

3) the duration of the existence of the possibility of a market entity to have a decisive influence on the general conditions of goods circulation in the commodity market.

In the event that a market entity holds a share of fifty percent or more, the position of the market entity is recognized as dominant without taking into account the circumstances listed in sub-paragraphs 1), 2) and 3) of the first part of this paragraph.

4. The position of each of several market entities is recognized as dominant if the total share of no more than three market entities that own the largest shares in the relevant commodity market is fifty or more percent or the total share of no more than four market entities that own the largest shares in the relevant commodity market is seventy or more percent if the following circumstances are established in relation to such market entity:

1) for a long period (for at least one year or, if such a period is less than one year, during the life of the relevant commodity market), the relative sizes of the shares of market entities are unchanged or subject to minor changes;

2) the goods sold or acquired by market entities shall not be replaced by another goods for consumption (including consumption for production purposes);

3) information on the price and (or) on the conditions for the sale of this goods in the relevant commodity market is available to an indefinite circle of persons.

5. The dominant position of financial organizations shall be recognized if:

1) the cumulative share of no more than two financial organizations that own the largest shares in the relevant financial services market is fifty percent or more;

2) the aggregate share of no more than three financial organizations that own the largest shares in the relevant financial services market is seventy or more percent.

6. The dominant in accordance with paragraphs 4 and 5 of this Article shall not be recognized as the position of the market entity, whose share in the relevant commodity market, including the financial services market, does not exceed fifteen percent.

7. The position of the entities of natural monopoly, state monopoly, as well as market entities holding one hundred percent share of dominance in the relevant commodity market (entities holding a monopoly position) shall be recognized as monopolistic.

8. The market entity shall be entitled to submit to the anti-monopoly body evidence that the position of this market entity in the commodity market shall not be recognized as dominant.

The anti-monopoly body within fifteen working days from the date of receipt reviews the evidence submitted and makes the appropriate decision, which is sent to the market entity.

Footnote. Article 172 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Note by the Republican Center for Legal Information!

Article 173 was valid until 01.01.2017 in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

Article 173. Formation and maintenance of the state register of market entities holding a dominant or monopolistic position in regulated markets

1. The state register of market entities that hold a dominant or monopolistic position in regulated markets is a list of market entities that occupy a dominant or monopolistic position in regulated markets defined by the legislation of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets.

2. The approval of the state register of market entities that hold a dominant or monopolistic position in regulated markets and introduction of changes to it shall be carried out by decision of the anti-monopoly body.

3. The state register of market entities holding a dominant or monopolistic position in regulated markets is approved in accordance with the form determined by the anti-monopoly body.

4. If the anti-monopoly body makes a decision on the inclusion (exclusion) of market entities in the state register of market entities that hold a dominant or monopolistic position in regulated markets, a market entity that occupies a dominant or monopolistic position in this market and the regulatory bodies for ten days from the date of the decision of the anti-monopoly body on the inclusion (exclusion) of market entities, an extract from the registry shall be sent to the register.

5. The group of persons shall be included in the state register of market entities that occupy a dominant or monopolistic position in regulated markets as a single market entity and, at the same time, all individuals and (or) legal entities belonging to the group of persons operating in the relevant commodity market shall be indicated.

6. The inclusion and exclusion of market entities from the state register of market entities that occupy a dominant or monopolistic position in regulated markets shall be carried out in accordance with the rules approved by the anti-monopoly body.

Article 174. Abuse of dominant or monopolistic position

It is prohibited to act (inact) to market entities that occupy a dominant or monopolistic position, which led or lead to restriction of access to the relevant commodity market, prevent, restrict and eliminate competition and (or) impair the legal rights of a market entity or an indefinite number of consumers, including:

- 1) the establishment, maintenance of monopoly high (low) or monopsony low prices;
- 2) the application of different prices or different conditions to equivalent agreements with market entities or consumers without objectively justified reasons, except for cases when the use of different prices is due to different costs of production, sale and delivery of goods, non-discriminatory use of a discount system that takes into account sales volumes, terms of payment, terms of the contract;
- 3) the establishment of restrictions on the resale of goods purchased from him on a territorial basis, a circle of customers, conditions of purchase, as well as quantity, price;
- 4) condition or impose the conclusion of an agreement by the market entity or the consumer of additional obligations that, by their content or according to traditional business practice, do not relate to the subject of these agreements;
- 5) unreasonable refusal to conclude a contract or to sell goods with individual customers if at the time of the appeal the possibility of production or sale of the relevant goods or evasion, expressed in failure to respond to the proposal to conclude such a contract in a period exceeding thirty calendar days.

In this case, a refusal or evasion is considered justified if at the time of the consumer's request there is no required volume of goods produced or sold, including in connection with the conclusion of contracts for the sale of the relevant goods;

6) the conditionality of the supply of goods by the acceptance of restrictions on the purchase of goods produced or sold by competitors;

7) unreasonable reduction in production and (or) supply or termination of production and (or) supply of goods for which there is a demand or orders from consumers, market entities in the presence of the possibility of production or supply;

8) withdrawal of goods from circulation, if the result of such withdrawal was an increase in the price of the goods;

9) the imposition of a counterparty economically or technologically unreasonable terms of the contract, not related to the subject of the contract;

10) the creation of barriers to access to the commodity market or exit from the commodity market to other market entities;

11) economically, technologically or otherwise unreasonable establishment of different prices (tariffs) for the same product, the creation of discriminatory conditions.

Footnote. Article 174 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 175. Monopoly high and monopoly low price of goods

1. The monopoly high price of the goods is the price established by the market entity that occupies a dominant or monopolistic position if:

1) this price exceeds the highest price, which in the same commodity market in a competitive environment is set by a market entity that is not in the same group of persons with a dominant market entity, or exceeds the price in a comparable commodity market that has been formed in a competitive environment;

2) this price exceeds the amount necessary for the production and sale of such goods costs and profits.

2. The commodity market is the sphere of circulation of goods or interchangeable goods, determined on the basis of the economic, territorial and technological ability of the consumer to purchase goods. The commodity markets in which state regulation of prices has been introduced in accordance with this Code and the laws of the Republic of Kazakhstan shall be recognized as regulated markets.

3. The comparable commodity market means another commodity market comparable in terms of the volume of goods sold, the composition of customers or sellers (suppliers) of goods, determined based on the purposes of purchasing or selling goods, and the conditions for access to the commodity market.

If it is impossible to compare the price in the same commodity market, the comparison is made with the price of the commodity in the comparable commodity market, including outside the Republic of Kazakhstan.

If it is impossible to determine the price prevailing in a competitive situation on a comparable commodity market, or a comparable commodity market, including outside the Republic of Kazakhstan, an analysis of costs and profits of the market entity shall be carried out and the reasonable price of the goods shall be determined.

4. The price of goods established by the market entity in accordance with the laws of the Republic of Kazakhstan shall not be recognized as monopoly high.

4-1. The price of exchange goods formed during duly conducted trading on commodity exchanges and electronic trading platforms shall not be recognized as monopoly high (low) in the manner determined by competition authority, if such a price shall not be established by the result of monopolistic activities limited by this Code.

The price of exchange goods shall not be recognized as monopoly high in the manner determined by the competition authority, if it shall not exceed the price prevailing during the period under review during the duly conducted trading on commodity exchanges and electronic trading platforms.

The fact of establishing the monopoly high (low) price shall be revealed by investigating violations of the legislation of the Republic of Kazakhstan for protection of competition.

5. The monopoly low price of the goods is the price established by the market entity that occupies a dominant or monopolistic position if:

1) this price is lower than the price that on the same commodity market is established by a market entity that is not in the same group of persons with a dominant market entity;

2) this price is lower than the sum of actual costs for the production and sale of such goods.

6. The price of goods shall not be recognized as a monopoly low if it does not meet at least one of the criteria specified in paragraph 5 of this Article. The price of goods established by the market entity in accordance with the laws of the Republic of Kazakhstan shall not be recognized as monopoly low.

7. In determining the monopoly high price of the goods in accordance with Paragraph 1 of this Article, exchange and over-the-counter price indicators established in the world and Kazakhstan markets of similar goods shall be taken into account.

Footnote. Article 175 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 176. Monopsony position and monopsony low price

1. The monopsony position is the position of a market entity that occupies a dominant or monopoly position as a customer, whose share in the relevant commodity market is seventy or more percent.

2. The monopsony low price is the price of goods at which the goods are acquired by a market entity which has a monopsony position if:

1) this price allows the market entity, which has a monopsony position, to receive additional income by reducing the costs of production and (or) sales at the expense of market entities that sell goods to it;

2) this price is lower than the amount required for the market entity that sells the goods, the costs of production and selling such goods and profits.

3. The price of goods shall not be recognized as a monopsony low if it does not meet at least one of the criteria specified in paragraph 5 of this Article.

Chapter 16. UNFAIR COMPETITION

Article 177. Concept of unfair competition

1. The unfair competition is any action in competition aimed at achieving or providing undue advantage. The unfair competition shall be prohibited.

2. The unfair competition includes the following actions:

1) undue use of means of individualization of goods, works, services, as well as objects of copyright;

2) undue use of goods from another producer;

3) copying of the product appearance;

4) discreditation of the market entity;

5) deliberately false, unfair and inaccurate advertising;

6) sale (purchase) of goods with a compulsory assortment;

7) call for a boycott of a seller (supplier) of competitor;

8) call for a discrimination of the customer (supplier);

9) call of the market entity to break the contract with a competitor;

10) bribing an employee of the seller (supplier);

11) bribing an employee of the customer;

12) undue use of information constituting a commercial secret;

13) the sale of goods with the provision of unreliable information to the consumer regarding the nature, method and place of production, consumer properties, quality and quantity of the goods and (or) its producers;

14) incorrect comparison by the market entity of goods produced and (or) sold by them with goods produced and (or) sold by other market entities.

Article 178. Undue use of means of individualization of goods, works, services, as well as objects of copyright

The undue use of means of individualization of goods, works, services, as well as objects of copyright is the undue use of another's trademark, service mark, company name, name of origin or similar designations for similar goods or use without the permission of the copyright holder or authorized person names of literary, artistic works, periodicals, or using them on packaging in a form which may mislead the consumer in relation to the nature, method and place of production, consumer properties, quality and quantity of the goods or in relation to its producers.

Footnote. Article 178 as amended by the Law of the Republic of Kazakhstan dated June 20, 2018 No. 161-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 179. Undue use of goods from another producer

The undue use of goods of another producer is the introduction into economic circulation under its own designation of goods of another producer by changing or removing the producer's designations without the permission of the copyright holder or an authorized person.

Article 180. Copying of the product appearance

1. The copying of the product appearance is the reproduction of the product appearance of another market entity and its introduction into economic circulation, which may mislead the consumer in relation to the producer of the goods.

2. It is not undue to copy the product appearance or its parts, if such copying is solely due to their functional use.

Article 181. Discreditation of the market entity

The discreditation of a market entity is the dissemination in any form of deliberately false, inaccurate information related to the market entity activities.

Article 182. Deliberately false, unfair and inaccurate advertising

The features of unfair, inaccurate and deliberately false advertising shall be established in accordance with the laws of the Republic of Kazakhstan.

Article 183. Sale (purchase) of goods with a compulsory assortment

The sale (purchase) of the goods with a compulsory assortment is any actions of the seller (supplier) or customer to establish additional requirements or conditions for the sale (purchase) of the goods that undermine the rights of the seller (supplier), consumer and who, according to their content or traditional business practices, do not relate to the subject of the transaction.

Article 184. Call for a boycott of a seller (supplier) of competitor;

The call for a boycott of the seller (supplier) of the competitor or his goods is organized by a competitor directly or through an intermediary aimed at refusing customers to establish contractual relations with the seller (supplier) of a competitor or purchasing his goods.

Article 185. Call for a discrimination of the customer (supplier)

The call for discrimination of the customer (supplier) is the actions of the competitor of the customer (supplier) directly or through an intermediary, aimed at forcing the supplier (customer) to refuse to conclude a contract or apply discriminatory conditions to other customers (suppliers) under equivalent contracts.

Article 186. Call for termination of the contract with a competitor

The call to terminate the contract with a competitor is the actions of a market entity aimed at non-fulfillment or improper fulfillment of contractual obligations of another market entity -

a party to the contract with a competitor, by providing or offering directly or through an intermediary material remuneration, other advantages or unreasonable resistance to the market entity in its implementation of its activities.

Article 187. Bribing an employee seller (supplier)

The bribing an employee of a seller (supplier) is provision of the customer's competitor, directly or through an intermediary, with property or non-property benefits for improper performance or non-performance by employee of the seller (supplier), which results or may result in getting by the customer's competitor of certain advantages over the customer and (or) losses of the customer.

Article 188. Bribing an employee of the customer

The bribing an employee of the customer is providing the seller's (supplier) competitor, directly or through an intermediary, with property or non-property benefits for improper performance or non-performance by employee of the customer, which results or may result in getting by the seller's competitor of certain advantages over the seller (supplier) and (or) the seller (supplier) losses.

Article 189. Undue use of information constituting a commercial secret

The undue use of information constituting a trade secret is the use of information constituting a trade secret in accordance with the legislation of the Republic of Kazakhstan without permission of the copyright holder.

Article 190. Sale of goods with the provision of unreliable information to the consumer regarding the nature, method and place of production, consumer properties, quality and quantity of the goods and (or) its producers

The sale of goods with the provision of inaccurate information is the provision to the consumer in any form of inaccurate information regarding the nature, method and place of production, consumer properties, quality and quantity of goods and (or) its producers.

Article 191. Inappropriate comparison by the market entity of goods produced and (or) sold by them with goods produced and (or) sold by other market entities

The inappropriate comparison by the market entity of the goods produced and (or) sold by him with goods produced and (or) sold by other market entities are public statements, applications, affirmations in which any goods are compared with goods (are considered to be the goods) of other market entities, including the use of a superlative degree, in the absence of documentary evidence of the declared superiority of their goods over a competitor's goods (attributing its goods to a competitor's goods).

**Chapter 17. PARTICIPATION OF THE STATE IN ENTREPRENEURSHIP
ACTIVITY**

Article 192. Grounds for state participation in entrepreneurial activities

1. The state participates in entrepreneurial activities in the following cases:

- 1) the absence of any other possibility of ensuring national security, the defense of the state or the protection of the interests of society;
- 2) the use and maintenance of state-owned strategic facilities;
- 3) the implementation of activities in areas related to the state monopoly;
- 4) the implementation of the activities of organizations created to analyze the effectiveness and develop proposals for improving public policy;
- 5) the absence in the relevant commodity market of the private business entity, carrying out the production and (or) sale of a similar or interchangeable goods;
- 6) the implementation of the activities of the national managing holding established by affiliates, formed as part of measures to optimize the management system of development institutions, financial organizations and the development of the national economy;
- 7) the expressly provided by this Code, the laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan or resolutions of the Government of the Republic of Kazakhstan.

The list of activities carried out by legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and persons affiliated with them, is approved by the Government of the Republic of Kazakhstan.

2. The state participation in entrepreneurial activities shall be carried out by:

- 1) the creation of state enterprises (state entrepreneurship);
- 2) the direct or indirect participation in the authorized capital of legal entities.

3. The legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and affiliated persons do not have the right to create subsidiaries that carry out activities already represented on the commodity market by private business entities and legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state and persons affiliated with them, with the exception of cases provided for in sub-paragraphs 1) and 2) of the first part of paragraph 1 of this Article.

4. The establishment of state-owned enterprises, legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and persons affiliated with them who will operate in the Republic of Kazakhstan, shall be carried out with the consent of the anti-monopoly authority.

The creation of legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and persons affiliated with them, which, in accordance with the criteria established by this Code, belong to small business entities, as well as state participation in them, are prohibited.

When expanding and (or) changing the activities carried out by the state-owned enterprises, legal entities, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and persons affiliated with them who will operate in the Republic of Kazakhstan, the consent of anti-monopoly body is required.

5. The creation of legal entities, more than twenty five percent of shares (stakes in the authorized capital) owned by the state, and persons affiliated with them, who will operate in the Republic of Kazakhstan, is carried out with the subsequent sale of shares (stakes in the authorized capital) of the state taking into account the payback period of the project.

6. In the case provided for by paragraph 4 of this Article, the body that makes the decision to establish a state enterprise, a legal entity, more than fifty percent of whose shares (stakes in the authorized capital) owned by the state, and persons affiliated with them who will operate on of the territory of the Republic of Kazakhstan, submits to the anti-monopoly body a petition for such a creation with the provision of substantiating materials in the form established by the anti-monopoly body.

Within sixty calendar days from the moment of receipt of the petition, the anti-monopoly body shall:

1) examine the commodity markets in which it is planned to create a state enterprise, a legal entity, more than fifty percent of whose shares (shares in the authorized capital) belong to the state, and an affiliated person who will operate in the Republic of Kazakhstan;

2) prepare an opinion on the level of competition development in these commodity markets, including the duration of the presence of the state enterprise, legal entity, more than fifty percent of whose shares (stakes in the authorized capital) belong to the state, and the person affiliated with it in this commodity market;

3) to send to the body that submitted the petition, a reasoned decision.

7. The anti-monopoly body refuses to issue consent for the creation of a state enterprise, a legal entity, more than fifty percent of whose shares (stakes in the authorized capital) belong to the state, and an affiliated person who will operate in the Republic of Kazakhstan, if such establishment leads to restriction of competition.

8. In the case of creation, expansion and (or) changes in the activities of state enterprises, legal entities, which are carried out, more than fifty percent of whose shares (stakes in the authorized capital) belong to the state, and persons affiliated with them, who operate in the Republic of Kazakhstan without the consent of the anti-monopoly body, the anti-monopoly body will appeal the indicated actions in a judicial proceedings.

9. The requirements of the first and second parts of paragraph 4, paragraphs 5, 6, 7 and 8 of this Article apply only to the cases provided for in sub-paragraphs 5) and 6) of the first paragraph of paragraph 1 of this Article.

Footnote. Article 192 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 193. State monopoly

The state monopoly is the exclusive right of the state to manufacture, sell or buy any product in a competitive market, introduced in the manner prescribed by this Code.

2. The state has the right to restrict competition in those areas of activity in which the sale of goods in a competitive market can have a negative impact on the state of the constitutional system, national security, protection of public order, human rights and freedoms, and public health, by securing the exclusive right of the state to manufacture and (or) the sale, purchase or use of the goods.

Note by the Republican Center for Legal Information!

The procedure of entry into force of paragraph 3, see paragraph 12 of Article 324 of the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

3. The implementation of the exclusive right is carried out by creating a state monopoly entity. Only a state enterprise created by the Government of the Republic of Kazakhstan or local executive bodies of regions, cities of republican status, the capital by decision of the Government of the Republic of Kazakhstan can be the state monopoly entity, with the exception of the State Corporation "Government for Citizens".

4. The state monopoly entity is prohibited:

1) to produce goods not related to the state monopoly, with the exception of activities technologically related to the production of goods;

2) to own shares (stakes in the authorized capital), as well as otherwise participate in the activities of legal entities;

3) to transfer the rights associated with the state monopoly;

4) to set prices for goods manufactured or sold by them, differing from prices established in accordance with the legislation of the Republic of Kazakhstan.

Note by the Republican Center for Legal Information!

The procedure of entry into force of part two of the paragraph 4, see paragraph 13 of Article 324 of the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

The restrictions provided for in sub-paragraphs 1) and 2) of the first part of this paragraph shall not apply to the State Corporation "Government for Citizens" and the Social Health Insurance Fund.

In case of natural disasters, epidemics, epizootics, as well as the presence of restrictions that prevent further continuation of core activities, the Government of the Republic of Kazakhstan shall be entitled to a state monopoly entity to carry out other activities that are technologically close to the main one.

5. The state regulation of activities of state monopoly entities shall be carried out in accordance with the laws of the Republic of Kazakhstan.

5-1. The list of activities technologically related to the production of goods, works, services shall be approved by the state body that manages the relevant branch (sphere) of state administration, in coordination with the anti-monopoly body.

6. The control over the observance by the state monopoly entities of the restrictions established by paragraph 4 of this Article shall be exercised by the anti-monopoly body in accordance with this Code.

7. When introducing a state monopoly, the following conditions shall be met:

1) the market entities shall be notified of this decision at least six months before its entry into force;

2) the market entities engaged in the production, sale or use of this product within a six-month period after the entry into force of the state monopoly, have the right to sell this product, with the exception of transactions, the deadline for which exceeds the above period;

3) the market entities are compensated for the damage caused as a result of the introduction of the state monopoly, in accordance with the civil legislation of the Republic of Kazakhstan.

8. The provisions of this Article do not apply to the activities of a single accumulative pension fund.

Footnote. Article 193 as amended by the Law of the Republic of Kazakhstan dated December 28, 2017 No. 128-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 18. COMPETITION PROTECTION

Article 194. Anti-competitive actions (inaction), agreements between state and local executive bodies, organizations endowed with state functions of regulating the activities of market entities

Footnote. Heading of article 194 as amended by the Law of the Republic of Kazakhstan December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

1. It is prohibited and recognized as invalid in full or in part in the manner established by the legislation of the Republic of Kazakhstan, anti-competitive actions (inaction) of state and local executive bodies, organizations endowed with state functions of regulating the activities of market entities, expressed in actions (inaction), adoption of acts or decisions, that led or may lead to the restriction or elimination of competition, except as required by the laws of the Republic of Kazakhstan in order to protect the constitutional order, the protection of public order, human rights and freedoms, and public health and morals.

2. The anti-competitive actions (inaction) of state and local executive bodies, organizations endowed with state functions of regulating the activities of market entities, including:

1) the introduction of restrictions on the creation of a market entity in any field of activity;

2) the unreasonable resistance to the activities of the market entity;

3) the establishment of prohibitions or imposing restrictions on the free movement of goods, other restrictions on the rights of a market entity to sell goods;

4) the instructions to the market entity about the priority supply of goods for a certain category of customers or the priority purchase of goods from certain sellers (suppliers) or the conclusion of contracts in priority order;

5) the establishment for consumers of goods restrictions on the choice of market entities that provide such goods;

6) the actions aimed at raising, reducing or maintaining prices;

7) the actions aimed at dividing the commodity market according to the territorial principle, the volume of sales or purchases of goods, the range of goods sold or the composition of sellers (suppliers) or customers;

8) the restriction of access to the commodity market, exit from the commodity market or elimination of market entities from it;

9) the provision to the certain market entities of benefits or other advantages that put them in a privileged position relative to competitors, or the creation of adverse or discriminatory conditions of activity compared to competitors;

10) the direct or indirect coercion of market entities to the priority conclusion of contracts, to the priority delivery of goods to a certain circle of consumers, or the priority purchase of goods from certain sellers (suppliers).

3. The agreements between state, local executive bodies, local self-government bodies, organizations with state regulation functions of market entities, or between them and market entities are prohibited if such agreements lead or may lead to restriction or elimination of competition, except as provided for the laws of the Republic of Kazakhstan in order to protect the constitutional order, protect public order, human rights and freedoms, health and morals as well as international contracts ratified by the Republic of Kazakhstan.

4. The draft conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of protection of competition in relation to the National Bank of the Republic of Kazakhstan shall be submitted or sent by letter notifying the object of investigation no later than thirty calendar days before the end of the investigation.

5. In case of disagreement with the arguments set forth in the draft conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of competition protection and the appeal of the National Bank of the Republic of Kazakhstan at least twenty calendar days before the completion of the investigation, the official (s) of the anti-monopoly body submit for consideration to the conciliation commission a draft conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of protection competition, which includes representatives of the National Bank of the Republic of Kazakhstan and the anti-monopoly body.

6. The conciliation commission shall consider the draft conclusion submitted within a period of not more than five calendar days from the date of submission on the subject of its completeness and quality of the evidence contained therein of the facts of violation of the legislation of the Republic of Kazakhstan in the field of competition protection with the invitation to the meeting of persons participating in the investigation.

7. Based on the results of consideration of the draft conclusion, the Conciliation Commission makes comments and recommendations on the presence (absence) of comments.

If the comments to the draft conclusion are accepted by the anti-monopoly body, it is finalized and no later than five calendar days shall be submitted again to the Conciliation Commission for consideration.

If the anti-monopoly body does not accept comments on the draft conclusion, the reasons for the disagreement to the Conciliation Commission shall be presented.

The decision of the anti-monopoly body on the approval of the conclusion shall be taken in the absence of comments from the Conciliation Commission on the draft conclusion and shall be issued by the order of the anti-monopoly body within ten calendar days from the day the investigation is completed.

8. The procedure for the action of the Conciliation Commission and its composition shall be determined by the anti-monopoly body in coordination with the National Bank of the Republic of Kazakhstan.

Footnote. Article 194 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 195. Prevention of violations of the legislation of the Republic of Kazakhstan in the field of competition protection

In order to prevent violations of the legislation of the Republic of Kazakhstan in the field of competition protection, the anti-monopoly body conducts:

- 1) the analysis of the state of competition in commodity markets;
- 2) the regulation of economic concentration;

Note by the Republican Center for Legal Information!

Subparagraph 3) was valid until January 1, 2017 in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

3) the monitoring of the activities of market entities that occupy a dominant or monopoly position.

Footnote. Article 195 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 195-1. Anti-monopoly compliance

1. The anti-monopoly compliance is a system of measures to prevent violations of the legislation of the Republic of Kazakhstan in the field of competition protection.

2. In order to introduce anti-monopoly compliance, the market entity (s) has the right to adopt acts of anti-monopoly compliance:

1) an external act providing for the policies and rules of fair competition of the market entity (s) in the relevant commodity market;

2) an internal act providing for methods, ways of risks assessment, the procedure for organizing work by the market entity (s) for managing risks of violations of the legislation of the Republic of Kazakhstan in the field of competition protection.

3. The market entity (s) has the right to send to the anti-monopoly body a draft of external act of anti-monopoly compliance to establish its compliance with the typical external act of anti-monopoly compliance, which is subject to review within a month from the date of receipt of the draft of external act of anti-monopoly compliance.

4. The draft of external act of anti-monopoly compliance reviewed by the anti-monopoly body in the event of establishing its compliance with a typical external act of anti-monopoly compliance is an explanation of the legislation of the Republic of Kazakhstan in the field of competition protection in relation to a specific market entity (specific market entities) or in relation to a specific situation.

Footnote. The Code is supplemented by Article 195-1 in accordance with the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 196. Analysis of the state of competition in commodity markets

1. The analysis of the state of competition in commodity markets shall be carried out in order to determine the level of competition, identify market entities occupying a dominant or monopoly position, develop a set of measures aimed at protection and development of competition, prevention, restriction and suppression of the monopolistic activities, including in the following cases:

- 1) regulation of economic concentration;
- 2) determination of the share of dominance of a market entity when considering features of anti-competitive agreements and concerted actions, abuse of a dominant or monopoly position;
- 3) establishment of the feasibility of the state presence in the business environment.

2. The analysis of the state of competition in commodity markets shall be carried out in accordance with the methodology for analyzing the state of competition in the commodity market, approved by the anti-monopoly body, and methodology for analyzing the state of competition for financial institutions, approved by the anti-monopoly body as agreed with the National Bank of the Republic of Kazakhstan.

The period for conducting an analysis of the state of competition in commodity markets shall not be more than twelve months.

3. The analysis of the state of competition in commodity markets includes the following steps:

- 1) the definition of criteria for the interchangeability of goods;
- 2) the determination of the boundaries of the commodity market;
- 3) the determination of the time interval for research of the commodity market;
- 4) the determination of the composition of market entities operating in the commodity market;
- 5) the calculation of the volume of the commodity market and the shares of the market entities;
- 6) the assessment of the state of the competitive environment in the commodity market;

7) the determination of the circumstances or features indicating the presence of obstacles, difficulties or other restrictions on the activities of market entities that affect the development of competition, including the definition of barriers to entry into the commodity market;

8) the conclusions on the results of the analysis of the state of competition in the commodity market, which are reflected in the conclusion.

4. The boundaries of the commodity market determine the territory in which consumers acquire a product or an interchangeable product, if its acquisition is impractical outside the territory for economic, technological and other reasons.

The goods in Articles 8, 90-6, 120, 160 - 231 of this Code are understood as the goods, work, service, which are the object of civil circulation.

The interchangeable goods are a group of goods that can be comparable in their functional purpose, application, quality and technical characteristics, price, and other parameters in such a way that the consumer replaces them with each other in the process of consumption (production).

5. The boundaries of the commodity market shall be determined based on the availability of the purchase of goods according to the following criteria:

- 1) the possibility of purchasing goods in a given territory;
- 2) the reasonableness and justification of transportation costs relative to the cost of goods;
- 3) the preservation of quality, reliability and other consumer properties of the goods during its transportation;
- 4) the absence of restrictions (prohibitions) of the sale, importation and exportation of goods;

5) the presence of equal conditions of competition in the territory, within which the sale, supply of goods is carried out.

6. Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

7. The volume of the commodity market shall be defined as the sum of the sale of commodities or interchangeable goods within market borders in physical terms or value indicators, taking into account the volume of import and export of goods or interchangeable goods.

In the event that a market entity uses part of its products for its own needs, only the volume sold on the product market is included in the sales volume.

8. The share of the market entity in the relevant commodity market shall be defined as the ratio of the volume of sales by the market entity of the product or interchangeable goods within the geographical boundaries of the market to the total volume of the relevant commodity market.

9. The determination of the share of market entities is possible with the availability of information from the entities, the share of the delivery volume of which in the total supply volume is more than eighty-five percent.

10. The market entities, their associations and chiefs, state bodies, local executive bodies, including the authorized body in the field of state statistics, state revenue bodies, their officials, shall be obliged to provide reliable documents, written and oral explanations and other information at the request of the anti-monopoly body, including information constituting a commercial secret, necessary for the anti-monopoly body to exercise the powers provided for in this Code, within the period established by the anti-monopoly but it shall not be less than five working days.

11. When regulating economic concentration, as well as identifying features of anticompetitive agreements and concerted actions, abuse of the dominant or monopoly position in order to determine the share (s) of dominance of the market entity (s), the state of competition in commodity markets shall be analyzed, not including the phases provided for in sub-paragraphs 6) and 7) paragraph 3 of this Article.

If the analysis of the state of competition in commodity markets in identifying features of abuse of a dominant or monopoly position showed that the market entity's share is more than thirty-five but less than fifty percent, or there is an aggregate dominance of market entities, the analysis and assessment of the state of the competitive environment in the product market shall be carried out with compliance of all phases provided by paragraph 3 of this Article.

The analysis to determine the feasibility of the presence of the state in the business environment shall be carried out on the basis of the phases provided for by paragraph 3 of this Article, and also includes an assessment of the feasibility of presence of state-owned enterprises and legal entities in the commodity market, more than fifty percent of whose shares (stakes in the authorized capital) belong to the state and legal entities affiliated with them, except for the cases when such creation is expressly provided for by this Code, the laws of the Republic Kazakhstan, decrees of the President of the Republic of Kazakhstan or resolution of the Government of the Republic of Kazakhstan.

12. The analysis of the state of competition in commodity markets shall be carried out on the basis of information provided by the authorized body in the field of state statistics, government bodies, market entities and their associations, as well as information provided in accordance with paragraph 9 of this Article.

The market entity has the right to submit to the anti-monopoly body its marketing research results, which can also be used by the anti-monopoly body in the course of the analysis.

Footnote. Article 196 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Note by the Republican Center for Legal Information!

Article 197 was valid until 01.01.2017 in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

Article 197. Monitoring of the activities of market entities that hold a dominant or monopoly position in regulated markets

1. The objectives of monitoring of the activities of market entities that occupy a dominant or monopoly position in regulated markets are to identify and suppress the violations related to the abuse of a dominant or monopoly position, with the exception of violations provided by the legislation of the Republic of Kazakhstan on Natural Monopolies and Regulated Markets.

2. The market entities included in the state register of market entities that hold a dominant or monopoly position in regulated markets shall be obliged to submit to the anti-monopoly body:

1) the audited financial statements for market entities subject to obligatory annual audit in accordance with the legislation of the Republic of Kazakhstan on Auditing Activities for the year - up to August 31 of the following year;

2) the quarterly information on the sale or transfer to discretionary management of ten or more percent of its voting shares (stakes in the authorized capital, units) - up to the fifteenth date following the reporting;

3) the quarterly information on monopoly types of products on the volumes of production and sales, selling prices and the level of profitability of monopoly goods sold in a form determined by the anti-monopoly body - up to the fifteenth day following the reporting one.

Article 198. Caution on the in-permissibility of violation of the legislation of the Republic of Kazakhstan in the field of protection of competition

1. In order to prevent violation of the legislation of the Republic of Kazakhstan in the field of protection of competition, the anti-monopoly body sends a written warning to the official of the market entity, state body, local executive body about the in-permissibility of taking actions that may lead to violation of the legislation of the Republic of Kazakhstan in the field of competition protection.

2. The reason for sending a warning is a public statement by an official of a market entity, a state body, a local executive body about planned behavior in the commodity market, if such behavior may lead to violation of the legislation of the Republic of Kazakhstan in the field of protection of competition and there are no grounds for conducting an investigation.

3. The decision to issue a warning is made by the chief of the anti-monopoly body no later than ten working days from the day when the anti-monopoly body became aware of a public statement by an official of a market entity, a state body, a local executive body about planned behavior in the commodity market.

4. The warning shall contain:

1) the conclusions on the existence of grounds for warning;

2) the norms of the legislation of the Republic of Kazakhstan in the field of protection of competition that can be violated.

Article 199. Notification on the presence in the actions (inaction) of the market entity, the state, local executive bodies, the organization endowed by the state with functions of

regulating the activities of market entities, features of violation of the legislation of the Republic of Kazakhstan in the field of competition protection

Footnote. Heading of article 199 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

1. If there are features of unfair competition, abuse of a dominant or monopoly position, with the exception of the features specified in sub-paragraph 1) of Article 174 of this Code, anticompetitive concerted actions of market entities, anti-competitive vertical agreements of the market entities indicated in paragraph 2 of Article 169 of this Code, and also features of anti-competitive actions (inaction), agreements of state and local executive bodies, organizations, endowed by the state with functions of regulating the activities of market entities, the anti-monopoly body sends to market entities, state and local executive bodies, organizations endowed by the state with functions of regulation of market entities, notification on presence in actions (inaction) of features of violation of the legislation of the Republic of Kazakhstan in the field of protection of competitors without an investigation.

The notification shall be sent no later than ten working days from the day when the anti-monopoly authority became aware of the presence of these features.

The procedure for issuing a notification and its form shall be approved by the anti-monopoly authority.

2. The anti-monopoly body shall make a decision to conduct an investigation if the market entity has not stopped the actions (inaction) specified in the notification within ten working days.

3. If within one calendar year from the moment of issuing the notification, the anti-monopoly body finds in the actions (inaction) of the same market entity the features of the same violation of the legislation of the Republic of Kazakhstan in the field of competition protection listed in paragraph 1 of this Article, the anti-monopoly body decides to conduct an investigation without notice.

Footnote. Article 199 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 200. Economic concentration

Footnote. Heading of article 200 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

1. In order to prevent the emergence of a monopoly position and (or) restriction of competition, the prior consent of the anti-monopoly body is necessary for the market entities

to carry out transactions (actions) specified in sub-paragraphs 1), 2) and 3) paragraph 1 of Article 201 of this Code, or to notify him of the transactions (actions) specified in sub-paragraphs 4) and 5) of paragraph 1 of Article 201 of this Code.

2. The market entities intending to make or committed economic concentration apply to the anti-monopoly body with a request to give consent to economic concentration or notify the anti-monopoly body of committed economic concentration in the manner provided for by this Code.

3. The market entities intending to make the economic concentration indicated in sub-paragraphs 4) and 5) of paragraph 1 of Article 201 of this Code are entitled to apply to the anti-monopoly body for prior consent in the manner provided for by this Code.

4. If economic concentration is conducted using competitive procedures (auctions, tenders , contests), the petition can be submitted both before the commencement of the tender procedure and after, but no later than thirty calendar days from the date of the winner's announcement, unless otherwise provided by Law of the Republic of Kazakhstan.

5. State registration, re-registration of market entities, rights to immovable property in cases provided by subparagraphs 1) and 3) of Paragraph 1 of Article 201 of this Code shall be carried out by the State Corporation "Government for Citizens" with the consent of the competition authority.

6. The economic concentration committed without the consent of the anti-monopoly body, which led to the establishment of a monopoly position of the market entity or a group of persons and (or) restriction of competition, can be declared invalid by the court on the suit of the anti-monopoly body.

The state registration, re-registration of a market entity, rights to real estate, carried out in violation of this Article, may be declared illegal in a judicial proceedings and canceled at the suit of the anti-monopoly body.

Footnote. Article 200 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication); No.241-VI dated 02.04.2019 (shall be enforced from 01.07.2019).

Article 201. Regulation of economic concentration

Footnote. Heading of article 201 as amended by the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication);

1. The economic concentration shall be recognized as:

1) the reorganization of the market entity by merger or accession;

2) the acquisition by a person (group of persons) of voting shares (stakes in the authorized capital, units) of a market entity in which such person (group of persons) is entitled to control more than fifty percent of the specified shares (stakes in the authorized capital, units), if prior to the acquisition, such a person (group of persons) did not control the shares (stakes in the

authorized capital, units) of this market entity or controlled fifty percent or less of the voting shares (stakes in the authorized capital, units) specified with the market entity.

This requirement does not apply to the founders of a legal entity when it is created;

3) the obtainment in ownership, possession and use, including through payment (transfer) of the authorized capital, by a market entity (group of persons) of fixed production assets and (or) intangible assets of another market entity, if the balance sheet value of the property constituting the subject of transaction (interrelated transactions), exceeds ten percent of the balance sheet value of fixed production assets and intangible assets of a market entity that alienates or transfers the property;

4) the acquisition of rights by a market entity (including on the basis of a confidential management contract, joint operation agreement, commission contract), which make it possible to give binding instructions to another market entity when conducting its entrepreneurial activity or to perform the functions of its executive body;

5) the participation of the same individuals in the executive bodies, boards of directors, supervisory boards or other management bodies of two or more market entities, provided that these individuals determine the conditions for conducting their entrepreneurial activities in these entities.

2. The economic concentration shall not be recognized as:

1) the acquisition of shares (stakes in the authorized capital, units) of a market entity by financial organizations, if this acquisition is made for the purpose of their subsequent resale, provided that the specified organization does not participate in voting in the governing bodies of the market entity, as well as the acquisition or obtainment in ownership by financial organizations of property, fixed production assets and (or) intangible assets of another market entity in order to terminate the debtor's obligation in whole or in part, if this acquisition or obtainment is carried out for the purpose of their subsequent resale, provided that financial institutions do not use (do not operate) such property in order to extract income for their own purposes;

2) the appointment of a rehabilitation or bankruptcy administrator, temporary administration (temporary administrator);

3) the implementation of transactions specified in paragraph 1 of this Article, if such a transaction occurs within one group of persons.

3. The consent of the anti-monopoly body to carry out the transactions (actions) indicated in sub-paragraphs 1), 2) and 3) of paragraph 1 of this Article, or its notification about the transactions indicated in sub-paragraphs 4) and 5) of paragraph 1 of this Article, is required in cases if the cumulative book value of the assets of the reorganized market entities (groups of persons) or the acquirer (groups of persons), as well as the market entities, shares (stakes in the authorized capital, units) with voting rights are acquired, or their total sales of goods for the last financial year exceeded the ten million of MCI mounted on the filing date of the petition (notice).

4. The consent of the anti-monopoly body to the transactions specified in paragraph 1 of this Article is not required when the transactions are expressly provided for by this Code, the laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan and (or) resolutions of the Government of the Republic of Kazakhstan.

5. The consent to economic concentration with participation of a financial organization is required if the value of assets or the equity capital of a financial organization exceeds the amount established by the anti-monopoly body together with the National Bank of the Republic of Kazakhstan.

If the economic concentration specified in paragraph 1 of this Article is carried out by a market entity that is both a financial organization and a market entity that occupies a dominant or monopoly position in the relevant commodity market, such a market entity is guided by the norm provided for by paragraph 3 of this Article.

6. Based on the analysis of the relevant commodity markets, the anti-monopoly body has the right to establish higher amounts of asset values and sales volumes for these markets, which require the anti-monopoly body to enter into transactions specified in this Article.

7. The total sales of goods in accordance with paragraph 3 of this Article is defined as the sum of income from the sale of goods for the last fiscal year preceding the filing of the petition (notification), minus the amount of value added tax and excise.

If the market entity has been operating for less than one year, the volume of sales of goods shall be determined for the period of the market entity's activity.

8. In the case of transactions provided for in sub-paragraphs 1), 2) and 3) of paragraph 1 of this Article, the prior consent of the anti-monopoly body is required.

In the case of transactions provided for in sub-paragraphs 4) and 5) of paragraph 1 of this Article, the anti-monopoly body shall be notified no later than forty-five calendar days after the date of the transaction.

Footnote. Article 201 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 202. Persons submitting an application for consent to economic concentration

1. In the cases provided for by sub-paragraph 1) of paragraph 1 of Article 201 of this Code, the petition is filed with the anti-monopoly body by the person making the relevant decision or the founders (participants) of the market entity.

2. The petition on a consent to the economic concentration specified in sub-paragraphs 2) and 3) of paragraph 1 of Article 201 of this Code shall be submitted to the anti-monopoly body by the person acquiring voting shares (stakes in the authorized capital, units), fixed production assets, intangible assets or related rights.

3. If several persons act as party to the transactions specified in sub-paragraphs 1), 2) and 3) of paragraph 1 of Article 201 of this Code, the petition may be filed by one person on

behalf of the other participants in the transaction. The petition shall indicate the person authorized to represent in the anti-monopoly body the interests of the persons who have decided to commit economic concentration.

Article 203. Procedure for petition filing

1. The petition shall be compiled in writing in the form established by the anti-monopoly body, with the attachment of the documents and information provided for in Article 204 of this Code.

2. The information indicated in the petition and the documents attached to the application shall be reliable and complete, presented in the form of originals or copies of originals certified in the manner prescribed by the legislation of the Republic of Kazakhstan. The person who signed the petition shall confirm in writing the accuracy and completeness of the information and documents presented in the petition and its annexes.

3. The petition and its annexes shall be presented in the form of a firmware and certified by the seal (if available) of the person filing the petition.

The petition and annexes to it, submitted by an individual, are filed in the form of a firmware and certified by a notarized signature of the individual.

4. The submitted documents and information shall be numbered and submitted indicating the numbers of the paragraphs and sub-paragraphs of Article 204 of this Code. There is an exhaustive answer for each question of the paragraph and subparagraph.

If it is not possible to provide full information to the economic concentration participant, the estimated or forecast information is provided, indicating that it is estimated or forecasted, as well as the sources of its receipt and the used methods of estimation and forecast.

5. The information constituting a commercial secret shall be submitted with the obligatory mark “commercial secret”.

6. The information and documents for the petition shall be submitted for the financial year preceding the year of submission of the petition, as well as for the current period from the beginning of the year, indicating the time period.

In the absence of information and documents compiled for the current period from the beginning of the year, information and documents shall be submitted for the financial year preceding the year of application filing.

In the event that a market entity existed for a period shorter than the last fiscal year preceding the filing of the petition, the information and documents shall be submitted during the time from the beginning of the activity of the market entity.

7. The information on the volumes of production, sales of goods in the Republic of Kazakhstan, the volumes of export and import of goods of a market entity (group of persons) are submitted for two financial years preceding the year of application, for the current period from the beginning of the year, and a three-year forecast is presented, following the current period.

In the event that a market entity has been in business for less than two years at the time of filing the petition, the information and documents shall be submitted during the time from the beginning of the market entity's activities.

8. The third parties shall be entitled to participate in the consideration of a petition on a consent to an economic concentration, if the decision of the anti-monopoly body can substantially affect their rights protected by this Code.

The issue of engaging in the consideration of a petition on a consent to an economic concentration of third parties shall be decided by the anti-monopoly body, and the person who filed the petition shall be notified.

Article 204. Documentation attached to the petition on a consent to economic concentration

1. The documentation required for submitting to the anti-monopoly body a petition on a consent to the economic concentration provided for in sub-paragraph 1) of paragraph 1 of Article 201 of this Code includes:

1) the draft of decision of a person or an authorized body to reorganize a market entity;
2) the justification of the purpose of reorganization of the market entity, including the planned amendments in the kinds of activities or geography of their business operations;

3) the approved charter and Founding Agreement of the created market entity or their projects;

4) the list of information and conditions for the transfer of property transferred to the created market entity;

5) for each of the reorganized market entities, as well as for each market entity entering with the reorganized market entities into one group of persons, the following shall be indicated:

for an individual - the data of the document certifying his identity, information on citizenship, as well as the place of residence and legal address;

name, legal and actual address;

the size of the charter capital and the stake in the charter capital;

types of shares;

6) the list of members of the executive body, the board of directors (supervisory board) indicating the position, which are also members of the executive body, the board of directors (supervisory board) of other market entities;

7) the volume of production and sale of goods, exports and imports of goods in the Republic of Kazakhstan, produced and sold by reorganized market entities;

8) the volume of production and sale, export and import in the Republic of Kazakhstan of the same or interchangeable goods produced or sold by market entities belonging to the same group of persons with reorganized market entities;

9) the forecast of production and sale of the same or interchangeable goods as a result of the transaction.

2. The list of documents and information necessary for filing a petition with the anti-monopoly body for consent to the economic concentration provided for in sub-paragraph 2) of paragraph 1 of Article 201 of this Code:

1) the contract or draft of the contract or other document confirming the transaction;

2) for the acquirer and for each market entity entering with the acquirer in one group of persons, the following shall be indicated:

for an individual - the data of the document certifying his identity, information on citizenship, as well as the place of residence and legal address;

name, legal and actual address;

the size of the charter capital and the stake in the charter capital;

types of shares;

the volume of production and sales, exports and imports to the Republic of Kazakhstan of goods similar to goods or interchangeable goods produced or sold by a market entity in respect of which the actions are performed, as provided for in sub-paragraph 2) of paragraph 1 of Article 201 of this Code;

3) the list of members of the executive body, board of directors (supervisory board) indicating the position, which are also members of the executive body, board of directors (supervisory board) of other market entities;

4) the volume of production and sale, export and import of goods in the Republic of Kazakhstan of the market entity in relation to which the actions are performed, as provided for in sub-paragraph 2) of paragraph 1 of Article 201 of this Code;

5) the volume of production and sale, export and import in the Republic of Kazakhstan of the same or interchangeable goods produced or sold by market entities under the direct or indirect control of the market entity in relation to which the actions provided for in sub-paragraph 2) of paragraph 1 of Article 201 of this Code are performed.

6) information on the rights that after the transaction is completed, the acquirer will receive in relation to the market entity and (or) its group of persons in relation to whom the actions specified in sub-paragraph 2) of paragraph 1 of Article 201 of this Code are performed, including the quantity and price of shares placement (stakes in the authorized capital, units) of the market entity that the acquirer will dispose of after the transaction, as well as their share as a percentage of the total number of shares (stakes in the authorized capital, units) with voting rights of the market entity and their share in percentage of the authorized capital of the market entity;

7) the forecast of production and sale of the same or interchangeable goods as a result of the transaction.

3. The list of documents required for filing a petition with the anti-monopoly body on a consent to the economic concentration provided for in sub-paragraph 3) of paragraph 1 of Article 201 of this Code:

1) a contract or draft of the contract;

2) for the acquirer and for each market entity entering with the acquirer in one group of persons, the following shall be indicated:

for an individual - the data of the document certifying his identity, information on citizenship, as well as the place of residence and legal address;

name, legal and actual address;

the size of the charter capital and the stake in the charter capital;

types of shares;

the volume of production and sales, exports and imports in the Republic of Kazakhstan of the same or interchangeable goods that will be produced using the purchased property;

3) the list of the property constituting the subject of the transaction, with an indication of the balance sheet value;

4) the information on the release of which goods the resulting property was and will be used, indicating the types of goods;

5) the forecast of production and sale of goods using the resulting property, indicating the types of goods;

6) the forecast of production and sale of the same or interchangeable goods as a result of the transaction.

4. The foreign legal entity, in addition to the information provided in accordance with this Article, additionally provides:

1) a notarized extract from the trade register of the country of origin or other equivalent document confirming its legal status, in accordance with the laws of the country of its location;

2) information on the registration of a branch or representative office and a copy of the provision on the branch or representative office, if the foreign legal entity has a branch or representative office registered in the Republic of Kazakhstan;

3) information with the list of types of goods produced and (or) sold in the Republic of Kazakhstan by a branch or representative office, if a foreign legal entity or market entity with foreign participation - the acquirer has a branch or representative office in the Republic of Kazakhstan.

5. In the case provided for in paragraph 3 of Article 200 of this Code, a petition on a consent to economic concentration is filed by the person acquiring the relevant rights, with the submission of a list of documents and information provided for in Article 207 of this Code

6. Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Footnote. Article 204 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 205. Terms of consideration of the petition on a consent to the economic concentration

1. The anti-monopoly body shall, within ten calendar days from the date of receipt of the petition, verify the completeness of the submitted materials and notify the person who filed the petition in writing about accepting or refusing to accept the petition for consideration.

2. The term for consideration of a petition on a consent to the economic concentration shall not exceed thirty calendar days from the moment of acceptance of the petition for consideration.

3. The term for consideration of the petition is suspended if it is impossible to consider the petition before the decision is taken by the anti-monopoly body or the court on the specified or related other petition, which the anti-monopoly body is obliged to notify in writing the person who submitted the petition within three working days.

4. During the consideration of the petition, the anti-monopoly body has the right to request, within a term that shall not be less than five working days, from the market entity and / or the state body request additional information and / or documents necessary for making the decision.

5. For the period of submitting additional information and (or) documents, as well as when analyzing the state of competition in commodity markets, the time for consideration of the application is suspended, the anti-monopoly body shall be obliged to notify the person who submitted the decision within three working days from the time such a decision is made, he is obliged to notify in writing the person who submitted the petition.

The analysis of the state of competition in commodity markets when making economic concentration shall be required if the persons participating in the transaction (group of persons) carry out activities to sell similar or interchangeable goods and (or) features of restriction of competition.

6. The anti-monopoly body resumes consideration of the petition on a consent to economic concentration after the submission of additional information and (or) documents by the market entity and (or) government bodies, which shall be notified in writing to the person who submitted the petition within three working days. From the day of resumption of consideration of the petition on a consent to an economic concentration, the period of consideration continues.

Footnote. Article 205 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 206. Procedure for notifying the anti-monopoly body of the committed economic concentration

The market entities that have committed the transactions provided for in sub-paragraphs 4) and 5) of paragraph 1 of Article 201 of this Code shall notify the anti-monopoly body within the period established by the second part of paragraph 8 of Article 201 of this Code.

A written notification of committed economic concentration shall be send either directly to the anti-monopoly body or through communication institutions.

The anti-monopoly body shall be notified by:

1) an individual who is a member of the executive bodies, boards of directors, supervisory boards or other governing bodies of two or more market entities, subject to the determination by the specified individual of the conditions for conducting their entrepreneurial activities;

2) a market entity acquiring rights (including on the basis of a confidential management contract, a joint operation agreement, commission contract), allowing to give binding instructions to another market entity when it conducts entrepreneurial activities or to perform the functions of its executive body.

Article 207. Documentation attached to the notification (petition) to the anti-monopoly body on the committed (planned) economic concentration

1. The list of documents and information required for sending (filing) a notification (petition) to the anti-monopoly body on the committed (planned) economic concentration, as provided for in sub-paragraph 4) of paragraph 1 of Article 201 of this Code:

1) a copy of the contract (draft of the contract), certified by a legal entity, or another document confirming the commission (intention to commit) of the transactions(transaction);

2) for the acquirer and for each market entity entering with the acquirer in one group of persons, the following shall be indicated:

for an individual - the data of the document certifying his identity, information on citizenship, as well as the place of residence and legal address;

name, legal and actual address;

size of the charter capital and stake;

types of shares;

the volume of production and sales, exports and imports to the Republic of Kazakhstan of goods similar to goods or interchangeable goods produced or sold by a market entity in respect of which the actions are performed, as provided for in sub-paragraph 4) of paragraph 1 of Article 201 of this Code;

3) the list of members of the executive body, board of directors (supervisory board) indicating the position, which are also members of the executive body, board of directors (supervisory board) of other market entities;

4) the volume of production and sale, export and import of goods in the Republic of Kazakhstan of the market entity in relation to which the actions are performed, as provided for in sub-paragraph 4) of paragraph 1 of Article 201 of this Code;

5) the volume of production and sale, export and import in the Republic of Kazakhstan of the same or interchangeable goods produced or sold by market entities under the direct or indirect control of the market entity in relation to which the actions provided for in sub-paragraph 4) of paragraph 1 of Article 201 of this Code are performed.

6) information on the rights that after the transaction is completed, the acquirer will receive in relation to the market entity and (or) its group of persons in relation to whom the actions specified in sub-paragraph 4) of paragraph 1 of Article 201 of this Code are performed, including the quantity and price of shares placement (stakes in the authorized

capital, units) of the market entity that the acquirer will dispose of after the transaction, as well as their share as a percentage of the total number of shares (stakes in the authorized capital, units) with voting rights of the market entity and their share in percentage of the authorized capital of the market entity;

7) the forecast of production and sale of the same or interchangeable goods as a result of the transaction.

2. The list of documents and information required for sending (filing) a notification (petition) to the anti-monopoly body on the committed (planned) economic concentration, as provided for in sub-paragraph 5) of paragraph 1 of Article 201 of this Code:

1) information about the individual whose participation is expected in the executive bodies, boards of directors, supervisory boards and other management bodies of two or more market entities:

data of an identity document, information on citizenship, place of work, position held, allowing to determine the conditions for doing entrepreneurial activity in these entities with an indication of the powers;

the list of legal entities in which the person sending (giving) the notification (petition) determines the conditions for conducting entrepreneurial activity with an indication of the powers;

2) the name of the legal entity (group of persons) and the governing body to which the person sending (submitting) the notice (petition) is appointed or elected;

3) the name of the position in the market entities, in the executive bodies, boards of directors, supervisory boards and other governing bodies of which it is planned to include the person sending (submitting) the notification (petition);

4) a list of rights allowing the person sending (giving) the notification (petition) to determine the conditions for doing entrepreneurial activity in market entities, to executive bodies, boards of directors, supervisory boards and other management bodies of which the person is expected to enter;

5) for each market entity and group of persons in which the person sending (giving) the notification (petition) determines the conditions for doing entrepreneurial activity, the following shall be indicated:

name of the market entity, legal and actual addresses;

volume of production, sales, exports and imports of goods in the Republic of Kazakhstan;

6) on the market entity in which participation of the person sending (giving) the notification (petition) is planned, as well as the group of persons to which the person belongs, shall indicate:

name of the market entity, legal and actual addresses;

volume of production, sale, export and import of the same or interchangeable goods in the Republic of Kazakhstan, produced and sold by the market entity and a group of persons in

which the person sending (giving) the notification (petition) determines the conditions for doing entrepreneurial activity.

Article 208. Decision on a petition on a consent to economic concentration

1. Based on the results of the consideration of the petition on a consent to the economic concentration, the anti-monopoly body takes one of the following decisions:

- 1) on a consent to economic concentration;
- 2) on the prohibition of economic concentration with a motivated conclusion.

2. The decision of the anti-monopoly body on consent to economic concentration or the prohibition of economic concentration shall be compiled by an act of the anti-monopoly body and within three working days from the date of such decision is sent to the person who filed the petition, and in relation to financial organizations and the National Bank of the Republic of Kazakhstan.

3. The consent of the anti-monopoly body to the economic concentration may be due to the participants fulfilling the economic concentration of certain requirements and obligations that eliminate or mitigate the negative impact of economic concentration on competition.

Such conditions and obligations can relate to, including, but not limited, the restrictions on the management, use or disposal of property.

4. The economic concentration shall be carried out within a year from the date of the decision of the anti-monopoly body to grant a consent to economic concentration. If the economic concentration is not implemented within the prescribed period, the participants of the economic concentration shall submit a new petition for granting permission for economic concentration.

5. The anti-monopoly body, on its own initiative or a application of the interested person, reviews its decision on consent or prohibition of economic concentration in the following cases:

1) if, within three years after the adoption of the decision, the circumstances became known, on the basis of which the adoption of this decision should have been refused;

2) if the decision was made on the basis of inaccurate information provided by the person who filed the petition for economic concentration, which led to the adoption of an illegal decision;

3) the non-fulfillment by the participants of the economic concentration of the requirements and obligations that caused the decision of the anti-monopoly body.

6. Based on the results of the decision review, the anti-monopoly body:

- 1) leaves the decision without amendment;
- 2) amends the decision;
- 3) cancels the decision;
- 4) adopts a new decision.

7. If, based on the results of the revision of the decision, the anti-monopoly body decides to cancel consent to economic concentration, the state registration, re-registration of the

market entity, real estate rights shall be recognized as illegal and canceled at the suit of the anti-monopoly body.

8. For consideration of additional information and documents that may change the previously adopted decision of the anti-monopoly body, the applicant shall submit a petition in the manner established by this Code.

9. The decision of the anti-monopoly body to revise a previously adopted decision on economic concentration is compiled by an act of the anti-monopoly body and within three working days from the moment such a decision is adopted, it is sent to the person concerned.

10. The economic concentration is prohibited if it leads to restriction of competition.

Article 209. Adoption of the decision by the anti-monopoly body on the notification of a committed economic concentration.

1. If, after thirty calendar days after the notification of the committed economic concentration has been received by the anti-monopoly body, the anti-monopoly body is not notified of the need to cancel the transaction to the person who sent the notification, the economic concentration shall be considered implemented.

2. In the event that the anti-monopoly body, when considering a notification of committed economic concentration, determines that its conduct has or may lead to restriction or elimination of competition, including by creating or strengthening the dominant position of the market entity, the anti-monopoly body issues an order to cancel transaction that is subject to execution within thirty calendar days.

3. In case of non-fulfillment of the improvement notice on the need for canceling the transaction, the anti-monopoly body will file a claim with court to compel the market entity to fulfill this improvement notice of the anti-monopoly body.

Footnote. Article 209 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 210. Grounds for discontinuing consideration of a petition on a consent to economic concentration

1. The consideration of a petition on a consent to economic concentration shall be discontinued in the following cases:

- 1) the receipts from applicants of the notifications on withdrawal of the petition;
- 2) the applicant's failure to provide information within a period specified by the anti-monopoly body, if the absence of such information prevents the consideration of the petition;
- 3) the provision by the applicant of unreliable information affecting the objective consideration of the petition.

2. The decision of the anti-monopoly body on the discontinuation of consideration of the petition shall be compiled by an act of the anti-monopoly body and shall be sent to the person who filed the petition within three working days from the moment such a decision is adopted.

3. After the discontinuation of consideration of the petition, the applicant shall be entitled to apply to the anti-monopoly body with a new application on consent to economic concentration.

Article 211. Procedure for notifying the anti-monopoly body of the implementation by a natural monopoly entity of activities not related to regulated services (goods, works)

Footnote. Article 211 is excluded by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Chapter 19. INTERACTION OF THE ANTI-MONOPOLY BODY WITH THE LAW ENFORCEMENT BODIES OF THE REPUBLIC OF KAZAKHSTAN AND THE ANTI-MONOPOLY BODIES OF OTHER STATES

Footnote. Chapter 19 is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Chapter 20. IDENTIFICATION OF VIOLATIONS OF LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN IN THE FIELD OF COMPETITION PROTECTION

Article 216. Grounds for initiating an investigation of violation of the legislation of the Republic of Kazakhstan in the field of competition protection

1. The anti-monopoly body, within its authority, investigates violations of the legislation of the Republic of Kazakhstan in the field of competition protection and takes a decision based on the investigation results.

The investigation refers to measures taken by the anti-monopoly body aimed at collecting the facts that confirms or refutes the violation of the legislation of the Republic of Kazakhstan in the field of competition protection, in the manner provided for by this Code.

2. The basis for initiating an investigation is the receipt by the anti-monopoly body of information about a violation of the legislation of the Republic of Kazakhstan in the field of competition protection, which are:

1) the materials received from state bodies, indicating violation of the legislation of the Republic of Kazakhstan in the field of competition protection;

2) the appeal of an individual and (or) legal entity, indicating features of violation of the legislation of the Republic of Kazakhstan in the field of competition protection;

3) the detection by the anti-monopoly body in the course of its activities in the actions of the market entity, government bodies, local executive bodies of features of violation of the legislation of the Republic of Kazakhstan in the field of competition protection;

4) the media reports on the presence of features of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, received by the anti-monopoly body.

3. The start of an investigation is documented by an investigation order.

4. The copy of the investigation order, no later than three working days from the date of its signing, shall be sent to the applicant and the investigation object, with the exception of the investigation objects, the actions of which contain features of a cartel.

The copy of the investigation order is handed over to the investigation objects, in the actions of which there are features of a cartel at the time of the investigation.

Article 217. Persons involved in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection

1. The persons participating in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection are:

1) an applicant - an individual or legal entity who has sent information to the anti-monopoly body on violation of the legislation of the Republic of Kazakhstan in the field of competition protection;

2) an investigation object - an individual or legal entity in relation to whose actions the investigation is being conducted. The specified persons shall be recognized as the investigation object from the moment of issuing an investigation;

3) interested persons - the individuals or legal entities whose rights and legal interests are affected in connection with the consideration of a case on violation of the legislation of the Republic of Kazakhstan in the field of competition protection;

4) an official of the anti-monopoly body - an employee of the anti-monopoly body authorized to conduct an investigation;

5) a witness - any individual who may be aware of any circumstances relevant to the investigation;

6) an expert - an uninterested individual with special scientific or practical knowledge.

2. When conducting an investigation, the persons participating in the case shall be entitled to exercise their rights and obligations independently or through a representative.

3. If during the investigation it is established that the features of violation of the legislation of the Republic of Kazakhstan in the field of competition protection are contained in the action (inaction) not of the investigation object, but of another person, the anti-monopoly body engages such person as the investigation object in the manner provided for by Article 216 of this Code.

Article 218. Investigation

1. In the case of the availability of facts indicating the presence in the actions of a market entity, a state body, a local executive body, an organization endowed with state functions of regulating the activities of market entities, features of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, established as part of the

consideration of information provided for paragraph 2 of Article 216 of this Code, the anti-monopoly body shall issue an investigation order.

2. The anti-monopoly body in the presence of features provided for:

1) by paragraph 3 of Article 169, paragraph 1 of Article 170 of this Code, prior to the investigation, analyzes the state of competition in commodity markets in order to determine the share of dominance of the market entity;

2) in Article 174 of this Code, prior to the investigation, analyzes the state of competition in commodity markets in order to identify the dominant or monopoly position of the market entity.

At the same time, the anti-monopoly response measures shall be applied to this market entity over the period of its actual dominance.

3. The investigation order shall contain:

1) the name of the object or objects of investigation;

1) the grounds for an investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection;

3) the features of violation of the legislation of the Republic of Kazakhstan in the field of competition protection, which are found in the actions (inaction) of the investigation object;

4) the date of commencement and completion of the investigation;

5) the full name (if it is indicated in the identity document) of the official of the anti-monopoly body authorized to conduct the investigation;

6) the rights of persons involved in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection.

4. The investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection shall be carried out in a term not exceeding three months from the date of issuing an order to conduct an investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection. The term of the investigation can be extended by the anti-monopoly body, but not more than two months. The order shall be issued on the extension of time, the copies of the order shall be sent to the applicant and the investigation object within three working days from the date of its publication.

5. Prior to the initiation of the investigation, the anti-monopoly body shall register with the authorized body on legal statistics and special accounting the act of initiating an investigation by submitting it to the territorial unit of the authorized body on legal statistics and special accounting, including in electronic form.

6. The anti-monopoly body during an investigation may decide to merge several investigations into one or to separate and conduct a separate investigation.

Footnote. Article 218 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017); dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 219. The evidence in the investigation of violation of the legislation of the Republic of Kazakhstan in the field of competition protection

1. The evidence of violations of the legislation of the Republic of Kazakhstan in the field of competition protection can be any facts relevant to the proper conduct of an investigation, including:

1) the explanations of the applicant, the object of investigation, interested persons and witnesses;

2) the expert opinions;

3) the material evidence;

4) other documents (including materials containing computer information, photographs and filming, sound, audio and video recordings).

2. The collection of evidence shall be carried out by an official of the anti-monopoly body

3. The persons participating in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection shall be entitled to submit facts and prove their authenticity.

Article 220. Rights of persons involved in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection

The persons involved in the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection shall be entitled to:

1) familiarise with case materials, make extracts from them and make copies, except for materials containing confidential information and (or) commercial secrets of other market entities;

2) present evidence and participate in their research;

3) ask questions to other persons involved in the case;

4) file petitions for the involvement of experts;

5) give explanations in writing or oral form, to bring their arguments on all issues arising during the investigation;

6) familiarise with the petitions of other persons participating in the investigation, to object to the petitions, arguments of other persons participating in the investigation.

The individual or legal entity in relation to which an investigation is being conducted has the right to apply to the anti-monopoly body to submit for consideration by the Conciliation Commission a draft of the opinion on the results of investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection.

Footnote. Article 220 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 221. Rights and obligations of officials of the anti-monopoly body during the investigation

The officials of the anti-monopoly body shall be entitled to:

- 1) unimpeded access to the territory and premises of the investigation object;
- 2) access to automated databases (information systems) and other electronic media of the investigation object in accordance with the subject of the investigation;
- 3) request, within the time set by the anti-monopoly body, from the employees of the investigation object the necessary information, documents or copies thereof relating to the subject of the investigation, explanations in oral and written form on issues arising during the investigation;
- 4) the involvement of specialists from other state bodies of the Republic of Kazakhstan and other persons during the investigation as experts
- 5) the inspection of objects, electronic and paper documents and other information carriers located in the premises and on the territory of the investigation object, in accordance with the subject of the investigation;
- 6) make copies of documents, information from the database (information systems) and other electronic media of the investigation object in accordance with the subject of the investigation;
- 7) audio, photo and video recording:
actions (inaction) of the employees of the investigation object and other persons in the territory of the investigation object;
premises and territories of the investigation object;
property located in the premises or on the territory of the investigation object;
- 8) sample products for examination.

The procedure for sampling of products for examination shall be determined in accordance with Article 149 of this Code.

All rights of officials of the anti-monopoly body, provided for in this article, shall be exercised from 9.00 am to 18.00 pm local time and in accordance with the subject of the investigation.

If it is necessary to prevent violations, the exercise of the powers of officials of the anti-monopoly body can be held outside working hours (night time, weekends or holidays).

Footnote. Article 221 as amended by the the Law of the Republic of Kazakhstan dated May 24, 2018 No. 156-VI (shall be enforced upon expiry of ten calendar days after the date of its first official publication).

Article 222. Suspension of the case investigation on violation of the legislation of the Republic of Kazakhstan in the field of competition protection

1. The anti-monopoly body shall be entitled to suspend the investigation of violation of the legislation of the Republic of Kazakhstan in the field of competition protection in the following cases:

- 1) consideration by the anti-monopoly body, court, criminal prosecution authorities of another case that is relevant for the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection;

2) conducting another investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection in relation to the same object of investigation;

3) examination;

4) the need to analyze the state of competition in commodity markets if during the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection it will be established that, despite the excess of a fifty percent share in the market of a certain commodity, the position of the market entity in the commodity market shall not be dominant.

2. The term of investigation of violation of the legislation of the Republic of Kazakhstan in the field of competition protection shall be interrupted when the investigation is suspended and continues from the moment the investigation is resumed.

3. The official of the anti-monopoly body shall make a decision on the suspension and resumption of the investigation, as well as on the appointment of an examination. The copy of the decision of the appointment of an examination shall be sent to the expert within three working days from the date of such decision.

Footnote. Article 222 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Article 223. Termination of the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection

The anti-monopoly body stops investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection in the event of:

1) the absence in the actions of the investigation object of violations of the legislation of the Republic of Kazakhstan in the field of competition protection;

2) liquidation of a legal entity - the only object of investigation;

3) the death of an individual - the only object of investigation;

4) the expiry of the period of limitations established by the Administrative Violations Code of the Republic of Kazakhstan;

5) the presence of a judicial act that has entered into legal force, which contains conclusions on the presence or absence of a violation of the legislation of the Republic of Kazakhstan in the field of competition protection in the actions (inaction) considered by the anti-monopoly body.

Article 224. Decisions of the anti-monopoly body based on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of competition protection

1. Based on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, an official of the anti-monopoly body prepares an opinion on the basis of which the anti-monopoly body takes one of the following decisions on:

1) termination of the investigation of violation of the legislation of the Republic of Kazakhstan in the field of competition protection on the grounds provided for by Article 223 of this Code;

2) initiation of an administrative violation case and in the cases established by sub-paragraphs 1) and 2) of paragraph 1 of Article 226 of this Code, the issuance of the involvement notice;

3) issuing an order to eliminate violations of the legislation of the Republic of Kazakhstan in the field of competition protection;

4) the transfer of materials to law enforcement authorities for the production of pre-trial investigation.

1-1. The draft conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of protection of competition shall be submitted or sent by letter notifying the object of investigation no later than thirty calendar days before the end of the investigation.

2. If the object of investigation is contacted within no less than twenty calendar days before the investigation is completed, the official (s) of the anti-monopoly body submits for consideration by the Conciliation Commission the draft conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan to protect competition.

The Conciliation Commission shall consider the draft conclusion submitted within a period of not more than five calendar days from the date of submission on the subject of its completeness and quality of the evidence contained therein of the facts of violation of the legislation of the Republic of Kazakhstan in the field of competition protection with the invitation to the meeting of persons participating in the investigation.

Based on the results of consideration of the draft conclusion, the Conciliation Commission makes its comments and recommendations, which shall be sent to the official (s) for work.

The regulations, rules and composition of the Conciliation Commission shall be developed and approved by the anti-monopoly body, in which, besides the employees of the anti-monopoly body, the independent experts, including those from the investigation object shall be represented.

3. The completion of the investigation shall be the day when the official (s) of the anti-monopoly body signs the conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of competition protection.

4. The approval of the conclusion on the investigation results of violations of the legislation of the Republic of Kazakhstan in the field of protection of competition is issued by the order of the anti-monopoly body within ten working days from the day of completion of the investigation.

5. The copy of the order on approval of the conclusion on the investigation results, no later than three working days from the date of its signing, shall be served or sent by letter

informing the investigation object, with the attachment of the conclusion on the investigation results. The applicant shall be informed on the decision at the same time.

6. The day of the signing of the order on approval of the conclusion on the investigation results (decision-making) shall be considered the moment when an administrative violation was detected.

7. The order on approval of the conclusion on the investigation results can be appealed by the investigation object in court in the manner provided for by the Civil Procedure Code of the Republic of Kazakhstan.

Footnote. Article 224 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (shall be enforced from January 1, 2017).

Chapter 21. RESTRAINT OF BREACH OF LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN ON PROTECTION OF COMPETITION AND REVISION OF ORDERS ISSUED BY THE ANTI-MONOPOLY AUTHORITY

Article 225. The grounds and method for determining the monopoly income

1. Income gained by the market entity as a result of monopolistic activities restricted by this Code is a monopoly income.

2. A monopoly income can be gained by the market entity as a result of:

- 1) execution of anti-competitive agreement or coordinated actions of market entities;
- 2) abuse by the market entity of own dominant or monopolistic position.

3. A monopoly income is determined from the date of carrying out by the market entity of actions specified in Clause 2 hereof, up to the date of cease by the market entity of indicated actions.

4 A monopoly income is determined when:

1) the market entity, taking a dominant or monopolistic position, establishes the monopolistically high prices - as a difference between the income gained when applying monopolistically high price and income calculated on the basis of a price determined in accordance with the provisions of Article 175 hereof;

2) the market entity, taking a dominant or monopolistic position, establishes the exclusively low price- as additional income received by the market entity taking a dominant position, as a result of turnover increase by means of competitors elimination from the product market;

3) fixing by the market entity taking a monopsony position of monopolistically low price- as a difference between the expenses of this market entity for purchase of goods at the price determined on the basis of required to the market entity selling the goods, production expenses and sale of such goods and incomes, and expenses formed during purchase of goods at monopolistically low prices;

4) the market entity enters into anti-competitive agreement or coordinated actions - as total income gained from these actions, after deduction of reasonable expenses required for production and (or) sale of goods, and actually paid taxes.

5. The withdrawal of monopoly income is performed according to the procedure established by the Administrative Violations Code of the Republic of Kazakhstan.

Article 226. Anti-monopoly response measures

1. In accordance with established powers the anti-monopoly authority is entitled to:

1) give binding orders to the market entities concerning:

elimination of violation of this Code norms and (or) mitigation of its consequences;

recovery of initial position;

cancellation or altering of contracts contradicting this Code;

necessity for cancellation of transactions by cancelling or annulment during regulation of market concentration;

2) give to state, local executive bodies, organizations charged by the government with functions of market entities activities regulation, binding orders concerning cancellation or altering of acts accepted by them, remedy of defaults and instructions, cancellation or alteration of agreements and transactions settled by them, which contradict this Code, and commission of actions aimed at provision of competition;

3) examine cases of administrative offences in the area of protection of competition and restriction of monopoly activities according to the procedure established by the Administrative Violations Code of the Republic of Kazakhstan;

4) bring before a court lawsuits and petitions, and take part in consideration by the court of cases related to application and violation of legislation of the Republic of Kazakhstan in the area of protection of competition.

2. In the violation of this Code standards, the market entities, government bodies, local executive bodies shall:

1) in accordance with orders of anti-monopoly authority to discontinue violation and eliminate its consequences, recover the original position, cancel the contract, conclude a contract with market entity or make an amendment thereto, annul the act which is recognized by the anti-monopoly authority as inconsistent with legislation of the Republic of Kazakhstan on protection of competition, perform other actions stipulated by the order;

2) compensate for incurred losses in accordance with the civil legislation of the Republic of Kazakhstan;

3) execute the decree of the anti-monopoly authority concerning imposition of administrative penalty in accordance with procedure established by the Administrative Violations Code of the Republic of Kazakhstan.

3. The order shall be executed within the reasonable time limits established by the anti-monopoly authority.

The anti-monopoly authority performs a control over execution of issued orders.

In case of failure to execute the orders, the anti-monopoly authority has a right to go to court with a lawsuit for concussion of market entity, government body, local executive body to execute the order of anti-monopoly authority.

Footnote. Article 226 as amended by the Republic of Kazakhstan laws dated 28.12.2016 No. 34-VI (brought into force since 01.01.2017); dated 24.05.2018 No. 156-VI (brought into force upon the expiry of ten calendar days after its first official publication).

Article 227. Requirements to execution of an order

The order is executed on a controlled form of anti-monopoly authority and shall contain:

1) name of market entity and (or) government body, and (or) local executive body, in relation to whom the order is issued, and their officials;

2) description of established fact of violation of legislation of the Republic of Kazakhstan in the area of protection of competition, and statute of the law which have been infringed by the market entity or government body or local executive body, or its officials;

3) actions which shall be taken by the market entity and (or) government body, and (or) local executive body or its officials for elimination of violation of the Republic of Kazakhstan legislation in the area of protection of competition (or from commission of which it shall abstain);

4) time limit for execution of an order;

5) period for submission of information on order execution;

6) signature of a person authorized to sign an order;

7) official seal of anti-monopoly authority.

Article 228. Revision of orders issued by the anti-monopoly authority

1. The anti-monopoly authority on own initiative or upon the application of a person concerned may revise an order (own or from a regional division) in cases:

1) if the significant circumstances have been not and could not be known to the anti-monopoly authority, that has resulted in issue of illegal or groundless order;

2) if an order was issued on the basis of unreliable information that has resulted in issue of illegal or groundless order;

3) if an order was issued with violation of the statues of the laws of the Republic of Kazakhstan;

4) correction of mistake made in the order or obvious arithmetic error.

The anti-monopoly authority may suspend the execution of its order until completion of its revision, whereof the persons involved in the case are notified in written.

2. According to results of revision, the anti-monopoly authority may:

1) leave the order unchanged;

2) alter the order;

3) repeal the order;

4) issue the new order.

3. During the revision of an order upon the application of a person concerned, the anti-monopoly authority is not eligible to worsen the position of a person who has filed an application (complaint), or a person in whose interests it has been filed.

Footnote. Article 228 as amended by the RK Law dated 28.12.2016 No. 34-VI (shall be enforced since 01.01.2017).

Article 229. Check of orders of the anti-monopoly authority regional divisions

Footnote. Heading of Article 229 as amended by the RK Law dated 28.12.2016 No. 34-VI (shall be enforced since 01.01.2017).

The orders issued by the regional divisions of anti-monopoly authority may be checked upon the applications of market entities or on the initiative of superior anti-monopoly authority.

Footnote. Article 229 as amended by the Republic of Kazakhstan Law dated 28.12.2016 No. 34-VI (shall be enforced since 01.01.2017).

Article 230. Appeal of anti-monopoly authority orders

1. The orders of anti-monopoly authority may be appealed in the court according to the procedure established by legislation of the Republic of Kazakhstan.

2. The grounds for appealing to the anti-monopoly authority of regional divisions orders include:

- 1) failure to identify all circumstances which are relevant to the case;
- 2) lack of evidentiary support of circumstances which are relevant to the case and recognized as ascertained;
- 3) non-compliance of conclusions stated in the judgment with circumstances of the case;
- 4) violation or improper application of statutory regulations of the Republic of Kazakhstan.

3. The order of the regional division of anti-monopoly authority may be appealed by the market entity to the anti-monopoly authority or in the court within three months from the date when it was delivered to the market entity, according to the procedure established by legislation of the Republic of Kazakhstan.

Footnote. Article 230 as amended by the Republic of Kazakhstan Law dated 28.12.2016 No. 34-VI (brought into force since 01.01.2017).

Article 231. Compulsory division or withdrawal in cases of abuse of dominant or monopoly position

1. In case if the market entity taking dominant or monopoly position, twice during one calendar year was held administratively liable for violations stipulated by Article 174 hereof, and keeps to commit actions restraining the competition, the anti-monopoly authority for the purpose of promotion of competition may file a claim in court for compulsory division of this market entity or withdrawal of one or more of its legal entities on the basis of its structural subdivisions.

2. The court makes a decision concerning compulsory split-off or demerger aimed at promotion of competition, if the following conditions are met in the aggregate:

- 1) no technologically driven interrelation of structural subdivisions;
- 2) there is an opportunity of independent activities at the relevant commodity market for legal entities established as a result of restructuring.

3. The court judgment concerning compulsory split-off or demerger shall be executed by the owner or agency authorized by him with due account for requirements provided by specified judgement, and within the time limits determined by specified judgement, and cannot be more than six months.

Footnote. Article 231 as amended by the Republic of Kazakhstan Law dated 28.12.2016 No. 34-VI (brought into force since 01.01.2017).

SECTION 5. PRIMARY AREAS AND TYPES OF GOVERNMENT SUPPORT FOR PRIVATE ENTREPRENEURSHIP

Chapter 22. GOVERNMENT SUPPORT OF SMALL AND MEDIUM ENTREPRENEURSHIP

Article 232. Types of government support of small and medium entrepreneurship

The government support of small and medium entrepreneurship is performed by types of government support of private entrepreneurship stipulated by Article 93 hereof, including:

arrangement of conditions for use by small and medium entrepreneurship entities of state financial, material and technical and information resources as well as research and development work and technology;

establishment of simplified procedure of state registration and liquidation;

establishment of optimum tax treatment;

adoption of lending program for small and medium entrepreneurship;

establishment of system for attraction and use of investments, including foreign ones, for support and development of small and medium-sized entrepreneurship;

assistance in foreign trade activities of small and medium entrepreneurship entities;

consulting of small and medium entrepreneurship entities concerning engagement in public purchases of goods, works and services;

organization of training, retraining and further training of personnel by development of existing and establishment of new training and research centers, consulting organizations and information systems for support and development of small and medium entrepreneurship, and implementation of international programs and projects for sharing experience in the area of small and medium-sized entrepreneurship.

Footnote. Article 232 as amended by the Law of the Republic of Kazakhstan No. 202-VI dated 26.12.2018 (shall be enforced from 01.01.2019).

Article 233. Business incubators

1. The business incubator is a legal entity established for support of small business enterprises at the stage of its establishment by provision of production facilities, equipment, organization, legal, financial, consulting and information services.

2. The business incubators are established for rendering of assistance in start-up and development of small business enterprises.

The tasks of business incubators are:

1) selection of small business enterprises for placement in business incubator;

2) provision to small business entities the educational, marketing, consulting and other organizational and management services.

Article 234. Property support of small and medium-sized enterprises

1. The government property facilities not used for more than one year may be transferred to the small and medium entrepreneurship entities in trust or lease for organization of production operation and service industry except for trade mediation activities.

The supervision over fulfillment by small and medium-sized enterprises of terms and conditions of lease agreement or trust management contract is performed by relevant government agencies authorized for disposition of republican and communal property.

2. The state ownership facilities and land parcels occupied thereby, which are transferred in trust or lease for organization of production operation and development of service industry for population may be donated to small and medium-sized entrepreneurship entities, other than entities performing the trade mediation activities, upon the expiry of one year from the date of contract execution in case of fulfillment of conditions provided for thereby according to the procedure determined by central authorized body for state planning.

Chapter 23. STATE SUPPORT OF AGRICULTURAL SECTOR AND NON-AGRICULTURAL TYPES OF ENTREPRENEURSHIP ACTIVITIES IN RURAL LOCALITIES

Article 235. State support of agricultural sector development

1. The state support of private entrepreneurship entities carrying out the agricultural activities is performed by:

1) development of lending in the area of agricultural complex and rural regions;

2) subsidization of agricultural complex;

3) procurement of agricultural products at a guaranteed purchasing price;

4) technical fit-out of agricultural complex;

5) information and marketing collateral of agricultural complex;

6) scientific, standard and methodological support and personnel training for agricultural complex;

7) investments to development of social and engineering infrastructure of rural regions;

8) application of financial instruments supporting conditions for modernization of fixed production-related assets- farming machinery park, process equipment, and livestock inventory;

9) creation of necessary conditions for investment attraction to agriculture;

10) support of products export;

11) development of sectoral science and spread of agricultural and technological knowledge;

12) provision of other forms of state support.

2. The state support of private entrepreneurship entities carrying out the agricultural activities and non-agricultural types of entrepreneurial activities in rural regions is performed on republican and regional levels and shall be governed according to the laws of the Republic of Kazakhstan.

3. The time limits, scope and measures of state support for private entrepreneurship carrying out the agricultural activities are established in accordance with the laws of the Republic of Kazakhstan.

Article 236. Crediting in the area of agricultural complex and rural regions

1. The crediting in the area of agricultural complex and rural regions is performed by budgetary crediting in accordance with budget legislation of the Republic of Kazakhstan or participation in forming or increase of charter capital of specialized organizations.

2. The crediting in the area of agricultural complex and rural regions is performed across the following areas with due account for provisions provided by the Republic of Kazakhstan Law "On government regulation of development of agricultural complex and rural regions":

1) establishment and development of farm production infrastructure;

2) leasing of farm machinery and processing facilities, equipment and fishing gear for fishing industry;

3) organization and crediting of credit societies performing crediting in agricultural complex;

4) crediting of non-agricultural types of entrepreneurial activities in rural regions;

5) purchase, production, processing and sale of agricultural products;

6) fish-rearing and processing of fish products;

7) arrangement of microlending for rural population.

Article 237. Subsidization of agricultural complex

1. The subsidization of agricultural complex is performed as an economic incentive of agro-based industries development under the following conditions:

1) economic efficiency of subsidization focused on development of agricultural complex areas;

2) improvement of quality and competitive ability of outputs.

2. The subsidization of agricultural complex is performed across the areas provided by the Republic of Kazakhstan Law "On government regulation of development of agricultural

complex and rural regions", according to the procedure determined by authorized body in agricultural complex development.

Article 238. Implementation of price stabilization mechanisms for socially important food products

1. In order to stabilize the market for food products, the state shall implement the price stabilization mechanisms for socially important food products.

2. The price stabilization mechanisms for socially important food products shall be implemented in accordance with the rules of implementation the price stabilization mechanisms for socially important food products.

3. The list of specialized organizations implementing the price stabilization mechanisms for socially important food products shall be approved by the Government of the Republic of Kazakhstan.

Footnote. Article 238 is in the wording of the Law of the Republic of Kazakhstan No. 241 -VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 239. Information support of agricultural complex

1. Information and marketing collateral of agricultural complex is performed by means of:

- 1) organization of information and marketing system of agricultural complex;
- 2) publication of information materials in mass media and printing of specialized collections, magazines, industry publications;
- 3) assistance in creation and development of up-to-date information and communication technology and information systems;
- 4) organization of exhibition fairs and provision of advertising support of products of domestic agricultural goods producers;
- 5) organization of training workshops;
- 6) scientific, standard and methodological support and personnel training for agricultural complex;
- 7) development of agricultural science and spread of scientific research results to production activities.

2. The list of information and services operator to submission to the agricultural complex entities free of charge by specialized organizations is determined by authorized body in the area of agricultural complex development.

Article 240. State support of mandatory insurance in the area of crop production

The state support of mandatory insurance in the area of crop production is performed according to the procedure established by the Republic of Kazakhstan Law "On mandatory insurance in the area of crop production".

Article 241. The state support of peasant farms and farming enterprises

1. The state promotes the development and protection of domestic peasant or farming market.

2. The peasant or farming enterprises with average annual number of employees not greater than fifty persons and yearly average gross assets value not greater than sixty thousand-fold calculated rate:

Note by the Republican Center for Legal Information!

The procedure of Subclause 1) enforcement see Clause 14 Article 324 of the RK Code dated 29.10.2015 No. 375-V.

1) in the manner and on the terms provided for by legislation of the Republic of Kazakhstan, excused from payment for connected power in electrical energy, heat-, water supply and sewerage using the laws of the Republic of Kazakhstan concerning natural monopolies;

2) open the accounts with partially state-owned second-tier banks, without charge;

3) keep accounting records and prepare the financial statements using the simplified procedure;

4) enjoy the priority right while placing orders for government needs, conditions of which are determined by the Government of the Republic of Kazakhstan;

5) obtain the information services (funds) and development projects and technology on a preferential basis within the limits of funds allocated in the state budget for relevant year within the state financial support of small business;

6) perform the training, retraining and further training of personnel using the funds provided for support of small business.

3. The peasant and farming enterprises have a right to apply the simplified or generally established procedure for calculation and payment of certain types of taxes in accordance with the Republic of Kazakhstan Code "On taxes and other compulsory payments to budget" (Tax Code).

4. The legal entities of the Republic of Kazakhstan investing to agriculture and not using the special tax regime may be provided with investment preferences in the manner and on the terms stipulated by this Code.

Chapter 24. STATE SUPPORT OF INDUSTRIAL AND INNOVATIVE ACTIVITIES

Paragraph 1. Industrial and innovative activities

Article 242. Definition and content of industrial and innovative activities

1. The industrial and innovative activities is an activities related to implementation of industrial and innovative projects with due regard to ensuring of environmental safety to improve the labor productivity and accelerate the growth of top-priority economy sectors or promote the domestic processed goods, works and services to domestic and (or) foreign markets.

By the top-priority economy sectors are meant national economy sectors which are able to impact on dynamics and quality of state economic growth.

2. Industrial and innovative project is a set of measures implemented within the definite period of time focused on transfer of technology, establishment of new (improvement of existing) production operations and (or) carrying out of innovative activities.

By innovative activities are meant the activities (including scientific, scientific and technical, technological, information and communications, organizational, financial and (or) commercial activities focused on creation of investments.

The innovation is an ultimate outcome of innovative activities introduced and implemented in the form of any new or considerably improved product (goods, work or services), technology or process, new method of marketing or new organizational method in business practice, arrangement of work places or external relations.

Footnote. Article 242 as amended by the Republic of Kazakhstan Law dated 04.07.2018 No.174-VI (shall be enforced upon the expiry of ten calendar days after the date of its first official publication).

Article 243. Operators of industrial and innovative activities

The operators of industrial and innovative activities are natural persons and (or) legal entities (including in the form of partnerships), implementing the industrial and innovative projects or carrying out activities for promotion of domestic processed goods, works and services to domestic and (or) foreign markets.

Footnote. Article 243 as amended by the Law of the Republic of Kazakhstan Law dated 04.07.2018 No.174-VI (shall be brought into force upon the expiry of ten calendar days after the date of its first official publication).

Article 244. Goals, objectives and basic concepts of state support of industrial and innovative activities

1. The purpose of state support of industrial and innovative activities is improvement of competitiveness of national economy determined by the Government of the Republic of Kazakhstan.

2. The tasks of state support of industrial and innovative activities are:

- 1) creation of favorable conditions for development of top-priority economy sectors;
- 2) provision of conditions for development of new competitive production operations;
- 3) creation of favorable conditions for modernization (technical upgrading), financial and economic turnaround, improvement and (or) recovery of investment attractiveness of production facilities for the purpose of improving labor efficiency, extension of production chain and market expansion, and establishment and recovery of production capability with preservation of jobs, start-up of revivifying production operations;
- 4) support of innovative activities, effective implementation of innovations and development of high-tech manufacturing;

5) enhancing of investment attractiveness and export capacity of industrial and innovative activities entities;

6) rendering of assistance to industrial and innovative activities entities in commercialization of technology, results of scientific and (or) scientific and technical activities;

7) rendering of assistance to industrial and innovative activities entities in development of export capacity;

8) development of scientific-research base in the top-priority economy sectors and its integration with production process;

9) rendering of assistance to industrial and innovative activities entities in international cooperation in the area of industrial and innovative activities, including cooperation in the area of training of skilled workforce for industrial and innovative activities;

10) rendering of assistance to industrial and innovative activities entities and improving the labor efficiency and development of territorial clusters.

3. The state support of industrial and innovative activities of the Republic of Kazakhstan is based on:

1) provision to the industrial and innovative activities entities of equal access to obtainment of state support in accordance with this Code;

2) publicity, targeted orientation and transparency of provided measures of state support to industrial and innovative activities entities;

3) ensuring of balance in interests of state and industrial and innovative activities entities;

4) optimization of state support measures for successful implementation of industrial and innovative projects of industrial and innovative activities entities taking into account its individual peculiarities;

5) comprehensiveness and consistency ensuring the continuous cooperation of state and industrial and innovative activities entities.

Footnote. Article 244 as amended by the Republic of Kazakhstan laws dated 03.07.2017 No.86-VI (shall be brought into force upon the expiry of ten calendar days after the date of its first official publication); dated 04.07.2018 No.174-VI (shall be brought into force upon the expiry of ten calendar days after its first official publication).

Paragraph 2. Industrial and innovative system of the Republic of Kazakhstan

Article 245. Goal of development of industrial and innovative system of the Republic of Kazakhstan

The industrial and innovative system consisting of operators involved in state support of industrial and innovative activities, infrastructure and instruments is formed in order to accelerate the growth of top-priority economy sectors and render the state support of industrial and innovative activities in the Republic of Kazakhstan.

Article 246. Operators of industrial and innovative system involved in state support of industrial and innovative activities

1. The entities of industrial-innovative system participating in the state support of industrial-innovative activity shall include the national managing holding established under the measures on management system optimization of development institutions, financial organizations and development of national economy, national companies and their regional representatives and representative offices, national development institutions, as well as other legal entities, fifty and more percent of voting shares (ownership interest in the authorized capital) of which shall directly or indirectly be owned by the state, authorized to implement measures of state support for industrial-innovation activities.

2. The national development institutions in the area of support of industrial and innovative activities entities:

1) executes the investments to the charter capitals of industrial and innovative activities entities and by establishment (formation) of other legal entities for creation of new industrial and innovative projects, industrial and innovative projects aimed at modernization (technical upgrading) and expansion of existing production operations;

2) acquires the rights (claim) for credits (loans) from national development institutions, second-tier banks and other legal entities, more than fifty percent of voting shares of which are directly or indirectly owned by the national management holding implementing and (or) participating in industrial and innovative projects;

3) works out and implements the package of measures for financial and economic turnaround of industrial and innovative activities entities and for support and recovery of economic activities and investment attractiveness of top-priority economy sectors:

debt restructuring;

investments to charter capitals;

search and attraction of strategic and institutional investments;

other types of support contributing to financial and economic turnaround of industrial and innovative activities provided by legislation of the Republic of Kazakhstan.

3. The national development institution in the area of industry development:

1) provides information-analytical and consulting services for development of economic sectors, including the development of priority economic sectors and industrial-innovative development of regions;

2) provides services to the authorized body in the area of state support of industrial and innovative activities for development and updating of single map of prioritized goods and services;

3) provides services to the authorized body in the area of state support of industrial and innovative activities for maintenance of industrialization map;

4) provides services for delivery of state support measures focused on increasing the labor efficiency of industrial and innovative activities entities;

5) provides services for delivery of state support measures in development of territorial clusters;

6) provides services for maintenance of processes of territorial clusters development;

7) provides services for analytical and expert maintenance of advisory board activities in the area of industrial development under the Government of the Republic of Kazakhstan;

8) provides services for government programs management in the area of industrial and innovative activities involving the carrying out of analysis of statistical information and data for implementation of state and industry-specific programs in the area of industrial and innovative activities obtained from government agencies and legal entities and generation of proposals and expert opinions.

4. The national development institution in the area of technological development:

1) takes part in the process of technological forecast;

2) provides the information-analysis and consulting services in the area of innovations development;

3) executes investments to the industrial and innovation projects by engagement in charter capital of industrial and innovative activities entities, establishment of legal entities with foreign participation, establishment or participation in investment and venture funds and by other ways as required by the laws of the Republic of Kazakhstan;

4) takes part in establishment, management and coordination of technology commercialization centers, technological parks, design centers, international centers of technology transfer;

5) cooperates with international organizations for attraction of information, educational and financial resources for stimulation of technological development of top-priority economy sectors;

6) provides access to information on implemented industrial and innovation projects, adopted technology, results of conducted analytical studies for technological forecast;

7) takes part in implementation of state support mechanisms for technological business-incubation, commercialization of technology and technology transfer, strengthening of workforce, management and production potential of industrial and innovation activities entities;

8) issues the expert opinions and (or) recommendations to authorized body in the area of state support of industrial and innovation activities;

9) provides services to the authorized body in the area of state support of industrial and innovative activities for allocation of innovation grants;

10) performs the collection of data and analysis of effectiveness for industrial and innovation system in the area of technological development;

11) provides assistance to development of investment funds for speculative investment, venture funds and venture capital funding.

5. The national development institution in the area of local content development:

- 1) generates and keeps the data base of works, goods, services and its suppliers;
- 2) provides the information analysis and consulting services in the area of local content development;
- 3) provides services to authorized body in the area of state support of industrial and innovation activities for effectiveness analysis of implementation of state support measures for domestic suppliers of goods, works and services on the domestic market;
- 4) provides services to authorized body in the area of state support of industrial and innovation activities for compensation of part of expenses for promotion of products, works and services of industrial and innovation activities on the domestic market;
- 5) performs the expert review for local content.

The expert review for local content is regarded as assessment of local content in the industrial and innovation project of industrial and innovation activities entity applying for inclusion to industrialization map;

- 6) is a center of subcontracting.

The subcontracting is regarded as one of the form of production (industrial) outsourcing applied by manufacturing enterprises for optimization of production activities;

- 7) provides services to authorized body in the area of state support of industrial and innovation activities and service support of industrial and innovation activities entities on the domestic market, including the maintenance of information systems designed for development of local content and acquisition of goods, works and services used during carrying out of subsoil use operations.

The local content is regarded as a percentage of cost of labor compensation for the citizens of the Republic of Kazakhstan involved in the industrial and innovation project of industrial and innovation activities entity, from total payroll budget under this project and (or) cost of local content shares established in goods, works and services from total cost of goods, works and services used while implementing the industrial and innovation project of industrial and innovation activities entity.

6. The national company for attracting investments and its regional representatives and representative offices shall:

- 1) conduct analytical studies on improvement the investment attractiveness of the Republic of Kazakhstan;
- 2) provide support for the investors activities, including organizing meetings of investors with state authorities, entities of industrial and innovation activities, as well as associations of private business entities shall conduct business forums, conferences and seminars on investment topics, form and maintain a database of existing and prospective investors assist investors in solving emerging issues;
- 3) promote a favorable investment image of the Republic of Kazakhstan, including providing information on investment opportunities;

4) monitor the implementation of official agreements reached after negotiations with investors;

5) carry out monitoring of industrial and innovative projects implemented with the participation of investors;

6) coordinate with investors of one-stop-shop principle in terms of supporting investors for the state services, as well as other services provided by other organizations.

7. The national development institutions in the area of development and promotion of exports:

1) performs the analysis of external markets;

2) provides assistance for promotion of domestic processed goods, services to foreign markets;

3) provides to domestic exporters the information and consulting services concerning their competitive growth on foreign markets, search of potential export markets and promotion of their goods, services to foreign markets;

4) conducts measures for promotion of export of domestic processed goods, services;

5) exercises cooperation with domestic foreign and international organizations regarding promotion of export of domestic processed goods and services;

6) provides services to authorized body in the area of state support of industrial and innovation activities for compensation of a part of expenses of industrial and innovation activities entities for promotion of domestic processed goods;

7) establishes the foreign representative offices for promotion of export of domestic processed goods and services.

8. The national management holding within the framework of measures for optimization of system for management of development institutions, financial organizations and development of national economy:

1) participates in realization of state programs in the field of state support for industrial innovative activities;

2) issues guidance and provides advice to the entities of industrial-innovation system, that implement state support for industrial innovation activity;

3) exercise other powers provided for by this Code, the laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

9. Regional organizations for attracting investment shall:

1) conduct analytical studies on improvement the investment attractiveness of the relevant region;

2) provide information support for the investors activities, including organizing meetings with local and central state authorities, entities of industrial and innovative activities, as well as associations of private business entities, shall conduct business forums, conferences and seminars on investment topics, form and maintain a regional database of investors;

3) promote a favorable investment image of the region, including providing information on investment opportunities of the region;

4) carry out monitoring for implementation of official agreements reached after negotiations with investors;

5) carry out monitoring of industrial and innovative projects implemented with the participation of investors in the region;

6) participate in investment events organized by the national company for attracting investments and its regional representatives and representative offices, including in the territory of a foreign state;

7) regularly provide the national company for attracting investments and its regional representatives and representative offices with up-to-date information on investment activities in the region, including industrial and innovative projects requiring investments, investors;

8) coordinate with investors of one-stop-shop principle in terms of supporting investors for the state services, as well as other services provided by other organizations.

10. Regional organizations for attracting investments shall be determined by the decision of the local executive agency of the region, city of republican significance, the capital.

Footnote. Article 246 as amended by the laws of the RK, dated May 24, 2018 No. 156-VI (comes into force upon the expiry of ten calendar days after first publication date); dated July 04, 2018 No. 174-VI (comes into force upon the expiry of ten calendar days after first publication date); No 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 247. Industrial Innovation Structure

The elements of industrial innovation structure are:

1) special economic areas;

2) industrial zones;

3) technology parks;

4) joint-stock investment funds of risk capital;

4-1) venture funds;

5) technology commercialization centers;

6) construction design offices;

7) international technology transfer centers;

8) innovation clusters;

Footnote. Article 247 as amended by the Laws of the RK, dated July 04, 2018 No. 174-VI (comes into force upon the expiry of ten calendar days after first publication date); No 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 248. Special Economic Zones

1. Special economic zone is a part territory of the Republic of Kazakhstan with exactly marked borders, on which a special legal regime shall be organized to carry out priority activities

In the territory of special economic area shall be a special legal regime for participants of special economic area established by this Code, the Laws of the Republic of Kazakhstan "On special economic and industrial areas", "On innovation cluster" Park of innovative technologies ", tax, customs, land legislation of the Republic of Kazakhstan, as well as the legislation of the Republic of Kazakhstan on employment.

2. Customs procedure of a free customs zone shall apply to the territory of a special economic zone or its part. Boundaries of special economic zone, within which the customs procedure of free customs zone operates, are determined in accordance with the act of the Government of the Republic of Kazakhstan on the establishment of a special economic zone.

Territory of the special economic zone is a part of the customs territory of the Eurasian Economic Union.

Customs procedure of the free customs zone shall be applied in accordance with the customs legislation of the Eurasian Economic Union and (or) customs legislation of the Republic of Kazakhstan. Territory of special economic zone, where the customs procedure of free customs zone shall be applied, is a customs controlled area.

Participants of special economic zone shall be guaranteed with the protection of rights and interests, which is provided by the Constitution of the Republic of Kazakhstan, this Law and other international treaties, ratified by the Republic of Kazakhstan.

Compulsory alienation of property of special economic zone participant (nationalization, requisition) is allowed in exceptional cases and in order provided for by the laws of the Republic of Kazakhstan.

Special economic zone participants shall have discretion over the use of income gained due to activities performance on the territory of special economic zone after payment of taxes and other compulsory payments to the budget in accordance with the tax legislation of the Republic of Kazakhstan.

Footnote. Article 248 as amended by the laws of the Republic of Kazakhstan dated July 3, 2018 No.84-VI (shall be brought into force upon the expiry of ten calendar days after the date of its first official publication); dated December 26, 2017 No. 124-VI (shall be brought into force from January 1, 2018); No 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 249. Industrial zones

1. The industrial zone shall be the territory provided by engineering and communication infrastructure provided to private business entities for locating and operating business facilities, including for industry, agro-industrial complex, tourism industry, transport logistics, waste management, in the manner established by the legislation of the Republic Kazakhstan.

2. Industrial zones are created in order to provide economic and executive conditions for entrepreneurial development.

3. The tasks of industrial zones are:

- 1) assistance in accelerated development of entrepreneurship in industry field;
- 2) cost optimization for creation and infrastructure development of new industries;
- 3) efficiency improvements;
- 4) employment.

Footnote. Article 249 as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 250. Technology park

1. Technology park (hereinafter referred to as technopark) is a legal entity created by the national development institute in the technological development field or autonomous educational organization or established by the Government of the Republic of Kazakhstan, holding title to a territory with a single material and technical complex where favorable conditions are created for the implementation of industrial and innovation activity.

2. The main activity of technoparks is technological business incubation, which is the provision of premises, equipment, accounting, legal, information and consulting support, investment, project management, as well as other services necessary for the implementation of industrial and innovative projects, including in the field of information and communication technologies to subjects of industrial and innovative activities, including in the field of information and communication technologies, at the initial stage of their operation. Rules for the provision of technological business incubation services, and determining the cost of such services, except for the services provided by Astana Hub the international technology park, are developed and approved by the authorized body in the state support for industrial and innovative activities field.

Footnote. Article 250 as amended by the Republic of Kazakhstan Law dated July 04, 2018 No.174-VI (shall be brought into force upon the expiry of ten calendar days after the date of its first official publication).

Article 251. Joint-Stock Investment Funds

1. A joint-stock investment fund is a joint-stock company, exclusive activity of which is accumulation and investment in accordance with the requirements established by the Law of the Republic of Kazakhstan On Investment and Venture Funds and its investment declaration, money contributed by the shareholders of this company in payment for its shares, and assets received in the result of such investment.

2. Activities of joint-stock funds is regulated by the Law of the Republic of Kazakhstan On Investment and Venture Funds.

Footnote. Article 251 as amended by the Laws of the RK, dated July 04, 2018 No. 174-VI (comes into force upon the expiry of ten calendar days after first publication date).

Article 251-1. Venture funds and venture capital financing

1. Venture fund is an ordinary partnership or a legal entity in the form of joint-stock company or a business partnership engaged in attracting and accumulating money and other property solely for the purpose of venture financing in accordance with the requirements established by the Law of the Republic of Kazakhstan On Investment and Venture Funds.

Venture fund has the right to conclude bank deposit contracts with second-tier banks of the Republic of Kazakhstan.

2. Venture financing refers to activities related to the financing of persons engaged only in innovative activities by investing in their authorized capital, acquiring financial instruments issued by them or providing them with a cash loan.

Footnote. Paragraph 2 is supplemented by Article 251-1 in accordance with the Law of the Republic of Kazakhstan dated July 04, 2018 No. 174-VI (shall be enforced upon the expiry of ten calendar days after the date of its first publication).

Article 252. Technology Commercialization Center

1. Technology Commercialization Center is a legal entity structured or subdivided of scientific organization, higher educational institution or autonomous educational organization, carrying out activities related to the practical application of results of scientific and (or) scientific and technical activities in order to bring new or improved products, processes and services to market, aimed at obtaining a positive economic effect (technologies commercialization).

2. The main activities of technology commercialization centers are the provision of a range of services for technologies commercialization, including, but not limited to:

search and evaluation of technologies for commercialization, marketing research, provision of consulting services in the field of intellectual property protection, development of technology commercialization strategy, organization of interaction of subjects of scientific and (or) scientific and technical activities and private entrepreneurs in order to conclude contracts in technology commercialization field.

Methodological, consulting and other support provided by the legislation of the Republic of Kazakhstan for technology commercialization centers is provided by the national institute of development in the technological development field.

Article 253. Construction design office

1. Construction design office is a legal entity that owns material and technical complex, and is created to assist the subjects of industrial and innovative activities in the organization of production of new or improved products.

2. The main task of construction design offices is to assist the industrial innovation entities in production of new or improved products, including through technology transfer, acquisition, adaptation, development of design and technological documentation, its subsequent transfer on a reimbursable basis to industrial innovation entities and provision of services necessary for the organization of goods production of on its basis.

Article 254. International Technology Transfer Centers

International technology transfer centers are created by the national Institute of technological development in order to assist in the realization of projects implemented by industrial innovation activity entities together with foreign partners

Technology transfer is the process of introduction of new or improved technologies by industrial innovation activity entities, ownership, possession and (or) use of which are obtained in ways not prohibited by the laws of the Republic of Kazakhstan.

Article 255. Innovation Cluster

Innovation cluster is an association of scientific, educational organizations, joint-stock investment funds of risk investment, venture funds, and individuals and (or) legal entities, defined in accordance with the legislation of the Republic of Kazakhstan, designed to stimulate industrial and innovative activities through interaction and sharing of available opportunities, exchange of knowledge and experience, effective technology transfer, establishment of sustainable partnerships and information dissemination.

Footnote. Article 255 as amended by the Laws of the RK, dated July 04, 2018 No. 174-VI (comes into force upon the expiry of ten calendar days after first publication date).

Article 256. Instruments of industrial innovation system

1. Planning Instruments of the industrial innovation system include technology foresight and a unified map of priority goods and services.

Technology foresight is a complex of analytic studies, aimed on the technologies identification, development of which is a necessary condition for the state's sustainable industrial and innovative development.

Technology foresight is carried out by the authorized body in the state support field of industrial and innovative activity on a regular basis with summing up at least once every five years.

Technology foresight is carried out in accordance with the technology foresight methodology, developed and approved by the authorized body in the state support field of industrial and innovative activity.

Process of technological foresight is provided by the national institute of development in the field of technological development by attracting foreign and domestic experts, conducting surveys and analytical studies, summarizing the data obtained and making recommendations for summarizing the results of technological foresight.

The results of technological foresight are taken into account in determining the priority areas of innovative grants, including the realization of targeted technological programs.

Targeted technological program is a set of measures to solve technological tasks of enterprises (industry), based on the interaction of the state, business and science entities.

The unified map of priority goods and services is a list of commodity groups, goods and services that have strategic competitive advantages for production in the Republic of

Kazakhstan, defined in the context of each priority sector of the economy and are priorities for state support of industrial innovation entities.

2. The industrialization map shall be the instrument for monitoring (implementing) industrial and innovation system at the republican level and shall be the combination of industrial and innovation projects implemented by entities of industrial and innovation activity.

The business support map of a region shall be the instrument for monitoring (implementing) industrial and innovation system at the regional level and shall be the combination of industrial and innovation projects implemented by entities of industrial and innovation activity.

3. Instruments of stimulation of innovative activity and promotion of innovative activity are advocacy, innovation and knowledge dissemination, including technology commercialization.

Advocacy for innovation is carried out by the national development institution in the technological development field and provides for the organization of measures on stimulation of innovative activity, information support and popularization of innovation activities.

Promotion (support) of technology commercialization is carried out by:

- 1) organization and (or) carrying out activities aimed at the formation and competence development in the technological entrepreneurship field;
- 2) formation and development of the technology search system, their identification and assistance in their promotion to the market;
- 3) development of the project managers institution;
- 4) and by other ways as required by the legislation of the Republic of Kazakhstan.

Assistance to subjects of industrial and innovative activity in the technology commercialization is provided by the national institute for development in the technological development field in accordance with article 264 of this Code.

4. The instrument of the analysis of the industrial innovative system is evaluation of effectiveness of the realization of measures of state support of industrial innovative activities carried out by state bodies, local executive bodies of oblasts, cities of republican status, the capital and the entities of the industrial innovative system, supporting industrial innovative activities.

The method of assessing the effectiveness of the of state support realization measures for industrial and innovative activities carried out by state bodies, local executive bodies of oblasts, cities of republican status, the capital, and the entities of industrial and innovative system, supporting industrial and innovative activities, is approved by the central competent authority for state planning.

Footnote. Article 256 as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Paragraph 3. State support of industrial innovation entities

Article 257. Measures of state support of industrial innovative activity entities

1. Measures of state support of industrial innovative activity entities are determined by this Code taking into account the peculiarities defined by other laws of the Republic of Kazakhstan.

Types and level of state support are regulated by the legislation of the Republic of Kazakhstan.

2. Measures of state support of industrial innovative activity entities include:

- 1) financing, co-financing of projects, lease financing;
- 2) provision of warranty obligations and loan guarantees;
- 3) lending through financial institutions;
- 4) subsidization interest rates on loans issued by financial institutions and coupon interest on bonds;
- 5) investments in charter capital;
- 6) guaranteed order;
- 7) provision of innovation grants;
- 8) provision of qualified human resources;
- 9) provision by engineering and communication infrastructure;

Note by the Republican Center for Legal Information!

Subparagraph 10) is provided as amended by the Law of the Republic of Kazakhstan dated No. 126-VI December 27, 2018 (shall be enforced upon expiry of five years from the date of entry into force of this Law).

- 10) provision of land plots and subsoil use rights;
- 11) support in domestic market;
- 12) attraction of foreign investments;
- 13) development and promotion of export of domestic processed goods and services
- 14) support of labor productivity increase and territorial clusters development;
- 15) debt restructuring within the framework of financial and economic recovery.

3. State support of industrial and innovative activity entities operating in the agroindustrial complex of the Republic of Kazakhstan shall be determined in accordance with this Code and the Law of the Republic of Kazakhstan "On State Regulation of Development of Agroindustrial Complex and Rural Areas".

4. Stimulating the development of entities of industrial and innovation activity operating in special economic areas shall be regulated by the Law of the Republic of Kazakhstan "On Special Economic and Industrial Areas".

5. Stimulation of investment activity in the Republic of Kazakhstan of industrial and innovative activity entities is defined by this Code.

6. The authorized body in the field of state support of industrial and innovative activity, other state bodies, also local executive bodies of oblasts, cities of republican status, the capital, when considering, agreeing and providing measures of state support to the subjects of industrial and innovative activity are bound by one of the following criteria:

1) innovation, orientation on improving the economic efficiency of activities through the creation of new or improved industries, technologies, goods, works and services, taking into account environmental safety;

2) competitiveness - an advantage in comparison with similar industrial and innovative projects, expressed in low cost of products, rendered works and (or) provided services, their relevance and economic feasibility of their production, rendering or provision;

3) dimensions, the importance of the industrial-innovative project for industrial-innovative development of the Republic of Kazakhstan;

4) export orientation - the focus of production on export of products and services;

5) labor productivity - an indicator of production efficiency, characterizing the output of products per unit of resources used, which shall be the ratio of production and labor costs.

Footnote. Article 257 as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 258. Financing, including co-financing of projects, lease financing;

1. Financing, including co-financing of projects, lease financing of industrial innovative activity in the medium to long term shall be executed by the Development Bank of Kazakhstan, and other national development institutions, are determined by the Government of the Republic of Kazakhstan.

2. Financing, including co-financing, shall be executed for the establishment of new industrial and innovative projects, as well as industrial and innovative projects, directed at the modernization (technical re-equipment) and expansion of operating enterprises.

Co-financing of venture funds shall be executed by the industrial and innovative system entities, participating in state support of industrial innovative activity, the list of which is approved by authorized body, in the field of state support of industrial and innovative activity, in coordination with the state bodies responsible for relevant industry management (public administration).

3. Lease financing provides to industrial and innovative activity entities for the period not more than ten years.

4. Terms and mechanisms of financing, including co-financing, projects, lease financing are determined by the Government of the Republic of Kazakhstan.

Footnote. Article 258 as amended by the Laws of the RK, dated July 04, 2018 No. 174-VI (comes into force upon the expiry of ten calendar days after first publication date).

Article 259. Provision of warranty obligations and loan guarantees;

1. Provision of warranty obligations and loan guarantees shall be executed by the fiscal agent, determined by the Government of the Republic of Kazakhstan, on loans of second-tier banks, issued to the industrial and innovative activities entities for the realization of industrial and innovative projects.

2. Terms and mechanisms of provision of warranty obligations and loan guarantees are determined by the Government of the Republic of Kazakhstan.

Article 260. Lending through financial institutions

1. Lending of industrial and innovative entities is executed by means of conditional placement of funds by the fiscal agent determined by the Government of the Republic of Kazakhstan in financial institutions.

2. Lending of industrial and innovative entities is executed for establishment of new industrial and innovative projects, the industrial and innovative projects directed at the modernization (technical re-equipment) and expansion of operating enterprises, also financial and economic recovery and (or) recovery of investment attractiveness of operating and (or) inefficient industries subject to their participation through provision of private movable or immovable property, including money.

3. Terms and mechanisms of lending through financial institutions are determined by the Government of the Republic of Kazakhstan.

Article 261. Subsidization interest rates on loans issued by financial institutions and coupon interest on bonds

1. Subsidization interest rates on loans issued by financial institutions and coupon interest on bonds of industrial and innovative activity for the establishment of new industrial and innovative projects, as well as the industrial and innovative projects directed at modernization (technical re-equipment) and expansion of operating enterprises also financial and economic recovery, improvement and (or) financial and (or) restoration of investment attractiveness of operating and (or) idle enterprises on condition of their participation by provision own movable or immovable property, including money.

Subsidization on loans issued by financial institutions and coupon interest on bonds for working capital is not executed.

2. Subsidization on loans issued to industrial and innovative activity entities by financial institutions and coupon interest on bonds issued by the industrial and innovative activity entities is executed by fiscal agent, determined by the Government of the Republic of Kazakhstan, for the realization of industrial and innovative projects.

3. Terms and mechanisms of subsidization on loans issued by financial institutions and coupon interest on bonds are determined by the Government of the Republic of Kazakhstan.

Article 262. Investments in charter capitals

Investments in charter capitals of industrial and innovative entities are executed by the national development institutions, realizing state support of industrial and innovative activity,

and local executive authorities of oblasts, cities of Republican status, capital if the industrial and innovative project meets the following conditions:

1) increase in labour productivity and security incentives for the development of priority sectors of the economy;

2) attractiveness according to forecast economic and financial parameters, the values of which are determined by internal documents regulating the investment policy of national development institutions that provide state support for industrial and innovative activities;

3) focus on building technological capacity, improving the quality and growth of production and services, deepening the processing of raw materials, production of high-tech products.

The results of investment activity of national institutes of development, executing state support of industrial and innovative activity, are determined on the basis of investment income in the context of all the industrial and innovative projects.

National institute of development in the field of state support of industrial and innovative activity entities may invest in charter capitals of industrial and innovative activity entities in the instances of:

1) capital capacity and (or) length of payback periods and (or) low profitability of industrial and innovative projects for private business entities;

2) social significance of industrial and innovative projects in the priority economic sectors.

Article 263. Guaranteed order

1. Technological memorandums shall be concluded by the authorized body in field of state support of industrial and innovative activities with national management holdings, national holdings, national companies and affiliated legal entities and determine the list of purchased goods, works and services.

On the basis of technological memorandums, national management holdings, national holdings, national companies and their affiliated legal entities place a guaranteed order by concluding contracts with the subjects of industrial and innovative activities for the supply of goods, works and services. The terms of these contracts shall meet the commercial interests of national management holdings, national holdings, national companies and their affiliated legal entities, including price, quality, availability, transportation conditions, and shall not contradict the international obligations of the Republic of Kazakhstan.

3. A guaranteed order shall be placed through the organization of procurement procedures among all potential suppliers of goods, works and services included in the database of goods, works, services and their suppliers, in accordance with the legislation of the Republic of Kazakhstan on state property.

The database of goods, works, services and their suppliers is a list of domestic goods, works, services and their suppliers.

Footnote. Article 263 as amended by the Law of the Republic of Kazakhstan No. 202-VI dated 26.12.2018 (shall be enforced from 01.01.2019)

Article 264. Provision of innovative grants

1. Innovative grant means the budgetary funds provided to industrial and innovative activity entities on a gratuitous basis for realization of their industrial and innovative projects within the priority directions of providing innovative grants.

Provision of innovative grants is carried out by authorized body in the field of state support for industrial and innovative activities with the involvement of the national institute of development in the field of technological development.

2. Innovative grants shall be provided to the industrial and innovative activity entities by co-financing of industrial and innovative projects realization.

3. Innovative grants shall be provided for:

- 1) technology commercialization;
- 2) technological development of industries;
- 3) technological development of enterprises.

4. When providing innovative grants, the examination is carried out in accordance with the rules for the provision of innovative grants approved by the authorized body in the field of state support for industrial and innovative activities.

The rules for provision of innovative grants set out the criteria for provision of innovative grants.

5. The national Institute of development in the field of technological development monitors the provided innovative grants in order to analyze the achievement of the planned goals for industrial and innovative projects for which innovative grants were provided.

The National Institute of Development in the field of technological development opens a current account in a second-tier bank - a resident of the Republic of Kazakhstan to manage funds allocated for the provision of innovative grants based on an agreement concluded between the authorized body in the field of state support for industrial innovation and the national development institute in the field of technological development.

Remaining account balances at the end of the financial year are not refundable to the authorized body for state support of industrial and innovative activities and, accordingly, to the state budget, but are spent on the provision of innovative grants in the next fiscal year. The total amount of money allocated for the provision of innovative grants is distributed among all innovative grants.

Article 265. Provision of qualified human resources

1. Provision of industrial and innovative entities with qualified human resources is carried out by state educational order allocation for training specialists for priority economy sectors.

2. Authorized body for state support of industrial and innovative activities, on the basis of information provided for by the industrial and innovative entities on the needs of relevant

specialists, forms proposals to determine the list of specialties for which training of specialists for priority economy sectors is required.

Authorized body in education on the basis of information provided for by authorized body for state support of industrial and innovative activities is obliged to determine the list of specialties for which training of specialists for priority economy sectors is required, and on its basis to form a state educational order.

Article 266. Provision of engineering and communication infrastructure

1. Provision industrial and innovative entities with engineering and communication infrastructure is carried out for:

- 1) creation of new competitive production;
- 2) modernization (technical re-equipment) and expansion of existing production.

2. Provision industrial and innovative entities with engineering and communication infrastructure, implementing industrial and innovative projects, corresponding to the directions, provided for in paragraph 1 of this Article, is carried out by means of allocation of budgetary funds for construction (reconstruction) of engineering and communication infrastructure.

3. Allocation of budget funds for the construction (reconstruction) of engineering and communication infrastructure is carried out in accordance with the budget legislation of the Republic of Kazakhstan.

Note by the Republican Center for Legal Information!

Article 267 is provided as amended by the Law of the Republic of Kazakhstan dated December 27, 2017 No. 126-VI (effective upon expiry of five years after the date of entry into force of this Law).

Article 267. 10) provision of land plots and subsoil use rights;

Provision of land plots and subsoil use rights to industrial and innovative entities is carried out by means of:

- 1) allocation of land plots on the right of temporary land use in accordance with the Land code of the Republic of Kazakhstan;
- 2) provision of subsoil use right for carrying out operations on exploration or extraction of solid minerals related to production activities (technological cycle), in the manner prescribed by the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use".

Footnote. Article 267 as amended by the Law of the Republic of Kazakhstan dated December 27, 2017 No.126-VI (effective upon expiry of six months after its first official publication).

Article 268. Domestic market support

1. Provision of service support and reimbursement of the costs` part of industrial and innovative entities for promotion of domestic processed goods, works and services on the

domestic market are carried out by the authorized body in state support of industrial and innovative activities with the involvement of the national development Institute in local content development.

2. Service support of industrial and innovative entities on the domestic market is carried out by:

1) free registration of individuals and legal entities in a database of goods, works, services and their suppliers;

2) placing of information on potential customers, domestic producers and domestic suppliers of works and services on the Internet resource of the national development Institute in local content development.

Procedure for the formation and maintenance of a database of goods, works, services and their suppliers shall be approved by the authorized body in industrial innovation state support.

3. Reimbursement of the costs` part of industrial and innovative entities is carried out by means of expenses compensation for:

1) payment for services of consulting organizations involved in the development or examination of a comprehensive plan of industrial and innovative project;

2) promotion of domestic processed goods, works and services on the domestic market.

The Rules of reimbursement of the costs` part of industrial and innovative entities for promotion of domestic processed goods, works and services on the domestic market are approved by the authorized body in state support of industrial and innovative activities.

4. The national development institute in local content development opens a current account in the second-tier bank – the resident of the Republic of Kazakhstan for the management of funds allocated for reimbursement of industrial and innovative entities` costs for promotion of domestic processed goods, works and services on the domestic market on the basis of the agreement concluded between the authorized body in state support of industrial and innovative activities and national development institute in local content development.

Remaining account balances at the end of the financial year are not refundable to the authorized body for state support of industrial and innovative activities and, accordingly, to the state budget, but are spent on compensation of expenses of industrial and innovative entities for promotion of domestic processed goods, works and services on domestic market in the next

fiscal year.

Article 269. Attracting foreign investment

Service support measures of industrial and innovative entities are provided for by attraction of foreign investments and include:

1) search and conduct negotiations with potential foreign investors in order to attract them to participate in the implementation of industrial and innovative projects;

2) involvement of industrial and innovative entities in participation in business forums, conferences and seminars on investment topics;

3) Publicity on industrial and innovative projects in foreign mass media through foreign institutions of the Republic of Kazakhstan, as well as through foreign diplomatic and equivalent representations and consular offices in the territory of the Republic of Kazakhstan.

Article 270. Development and promotion of domestic processed goods and services export

1. Provision of service support measures and reimbursement of the costs` part of industrial and innovative entities for promotion domestic processed goods and services to foreign markets are carried out by the authorized body in state support of industrial and innovative activities with the involvement of the national development institute in exports and National chamber development and promotion.

2. Service support measures of industrial and innovative entities for the promotion of the domestic processed goods, services on foreign markets are carried out by:

1) diagnostics of their export potential;

2) organization and conduct of trade missions, implementation of exhibition and fair activities, promotion of domestic producers trademarks abroad and organization of Kazakh producers national stands abroad;

3) raising awareness of potential foreign buyers through the permanent placement of information about domestic producers and their goods and services abroad;

4) providing information and analytical support on the development and promotion of domestic processed goods and services exports;

5) assistance in promotion of domestic processed goods and services to the international humanitarian aid market;

6) use of export trade financing, lending and insurance mechanisms.

Article 271. Support of labor productivity increase and territorial clusters development;

1. Provision of state support measures to the industrial and innovative entities in increasing productivity and development of territorial clusters is carried out by the authorized body in state support of industrial and innovative activities with the involvement of the national development institute in industry development.

In order of this Code, by a cluster shall be understood a geographically concentrated group of interconnected and mutually complementary companies and organizations, which includes manufacturers of end or intermediate goods and services, suppliers of components, specialized services, manufacturers of production and other equipment, suppliers of specialized infrastructure, scientific and research organizations, higher education organizations, technical and professional education organizations and other organizations with a certain industry specialization.

2. Provision of state support measures to the industrial and innovative entities in increasing labor productivity is carried out by means of reimbursement of costs for:

1) improving the competence of the enterprise;

2) development and (or) examination of a comprehensive plan of industrial-innovative project;

3) improvement of technological processes;

4) improving the efficiency of production organization.

3. Provision of state support measures to the industrial and innovative entities in the development of territorial clusters is carried out by means of cost recovery and other state support measures in creation and implementation of territorial cluster initiatives.

4. National development institution in industry development opens a current account in the second-tier bank – the resident of the Republic of Kazakhstan for the management of funds allocated for the provision of state support measures in increasing productivity and the development of territorial clusters on the basis of the agreement concluded between the authorized body in industrial innovation state support and national development institution in industry development.

Footnote. Article 271 as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 272. Debt restructuring

1. Debt restructuring is carried out in order to expand the range of tools used for financial and economic recovery of industrial and innovative entities, as well as to improve and (or) restore the investment attractiveness of existing and (or) idle industries, start-up of production , provided that they attract additional financing from third parties and (or) the provision of adequate security in the form of their own movable and (or) real estate, including money for the implementation of industrial and innovative project.

2. Debt restructuring is possible by changing the payment schedule, termination of rights (claims) in whole or in part, forgiveness of penalties (fines, damages), remuneration, including remuneration capitalized in the principal debt, investment growth, principal debt and other receivables, changes in terms and conditions of investment and (or) lending, and (or) financing, conversion of debt into authorized capital and other methods provided for by the legislation of the Republic of Kazakhstan.

Chapter 25. STATE SUPPORT FOR INVESTMENT ACTIVITIES

Paragraph 1. Legal regime of investments

Article 273. Investment relations

1. Regulation of relations, connected with investments in the Republic of Kazakhstan, and defining the legal and economic framework for investment promotion, guarantee of investors' rights protection when investing in the Republic of Kazakhstan, defining measures of state investments support, the disputes settlement with participation of investors is carried out in this Code.

2. This Code does not regulate relations related to:
implementation of investments from the state budget;
investing in non-profit organizations, including for educational, charitable, scientific or religious purposes.

3. The provisions of this Chapter shall be applied to the relations arising in the implementation of investments and related to the scope of other laws of the Republic of Kazakhstan in the part that does not contradict such laws.

4. Relations connected with attraction of foreign labor force by the investor under the concluded investment contract are regulated by the legislation of the Republic of Kazakhstan on employment of the population.

Article 274. Concepts of investment, investor, big investor and investment activities

1. Investments are all types of property (except goods intended for personal consumption), including financial leasing items since the conclusion of the lease agreement, as well as the rights to them, invested by the investor in the authorized capital of the legal entity or an increase in fixed assets used for entrepreneurial activities, as well as for the implementation of the public-private partnership project, including the concession project.

2. An investor means individuals and legal entities investing in the Republic of Kazakhstan.

3. The activities of individuals and legal entities to participate in the authorized capital of commercial organizations or to create or to increase fixed assets used for entrepreneurial activities, as well as for the implementation of the public-private partnership project, including the concession project, is recognized as investment activities.

4. Big investor is an individual or legal entity, making investments in the Republic of Kazakhstan in the amount of not less than two million of monthly calculation index.

Article 275. Investment entities

1. Investors have the right to invest in any entities and types of entrepreneurial activities, except as provided for by the laws of the Republic of Kazakhstan.

The rights and obligations of investors in respect of the entities and types of entrepreneurial activities, in which investments are made, shall be established by this Code, other laws of the Republic of Kazakhstan and relevant agreements.

2. The laws of the Republic of Kazakhstan, based on the need to ensure national security, may determine the types of activities and (or) territory in respect of which investment activities is limited or prohibited.

Article 276. Legal protection guarantee of investors' activities on the territory of the Republic of Kazakhstan

1. Investor shall be provided with full and unconditional protection of the rights and interests ensured by the Constitution of the Republic of Kazakhstan, this Code and other regulatory and legal acts of the Republic of Kazakhstan, as well as the treaties ratified by the Republic of Kazakhstan.

2. According to the civil legislation of the Republic of Kazakhstan, the Investor shall have the right for compensation for harm caused as a result of the issue by public authorities of the acts inconsistent with the laws of the Republic of Kazakhstan, and also illegal actions (omission to act) from the part of public authority officials.

3. The Republic of Kazakhstan guarantees the stability of the terms of contracts concluded between investors and state bodies of the Republic of Kazakhstan, except for the cases when amendments to the contracts are made by agreement of the parties.

These guaranties do not apply to:

1) amendments in the legislation of the Republic of Kazakhstan and (or) entry into force and (or) amendments in treaties of the Republic of Kazakhstan, by which the order and conditions of import, production, sale of excisable goods are amended;

2) amendments and additions to the laws of the Republic of Kazakhstan in order to ensure national security, public order, protection of health and morality of the population.

Article 277. Income guarantees

Investors have the right:

1) at its discretion, use the income received from its activities, after payment of taxes and other mandatory payments to the budget, in accordance with the legislation of the Republic of Kazakhstan;

2) open bank accounts in the national currency and (or) foreign currency in banks in the territory of the Republic of Kazakhstan in accordance with the banking and currency legislation of the Republic of Kazakhstan.

Article 278. Transparency of the activities of public authorities in relation to investors and ensuring investors' access to information related to the implementation of investment activities

1. Official reports of the state bodies of the Republic of Kazakhstan and regulatory legal acts affecting the interests of investors shall be published in the manner prescribed by the legislation of the Republic of Kazakhstan.

2. Investors, including investors, who have made investments in the amount of less than ten percent of the voting shares (less than ten percent of the votes of the total number of participants), are provided with free access to information on the registration of legal entities, their charters, registration of real estate transactions, issued licenses, as well as other information provided for by the laws of the Republic of Kazakhstan, which is related to the implementation of investment activities and does not contain commercial and other secrets protected by law.

Article 279. Guarantees of investors' rights during nationalization and requisition

1. Forcible withdrawal of the investor's property (nationalization, requisition) for state needs is allowed in exceptional cases provided for by the laws of the Republic of Kazakhstan.

2. In case of nationalization, the investor shall be compensated by the Republic of Kazakhstan in full for losses caused to him as a result of the publication of legislative acts of the Republic of Kazakhstan on nationalization.

3. Requisition of the investor's property is carried out with the payment of market value of the property.

Market value of the property is determined in accordance with the legislation of the Republic of Kazakhstan.

4. Evaluation, where the owner was reimbursed for the value of requisitioned property may be challenged by them in court.

5. Upon termination of the circumstances in connection with which the requisition was made, the investor has the right to demand the return of the remaining property, but is obliged to return the amount of compensation received by him, taking into account the losses from the reduction in the value of the property.

Article 280. Transfer of investor's rights to another person

If a foreign state or its authorized state body makes payments in favor of the investor under the guarantee (insurance contract), provided for to him in respect of investments made in the territory of the Republic of Kazakhstan, and to this foreign state or its authorized state body transfer the rights (requirements are assigned) of the investor to these investments, in the Republic of Kazakhstan such transfer of rights (assignment of claim) is recognized as lawful only in case of investments implementation by the investor in the Republic of Kazakhstan and (or) performance of certain contractual obligations by him.

Paragraph 2. State investment support

Article 281. Purpose of state investment support

1. The purpose of state investment support is to create a favorable investment climate for the development of the economy and to stimulate investment in the creation of new, expansion and renovation of existing industries with the use of modern technologies, Kazakhstan personnel development, as well as environmental protection.

2. State investment support is in the state preferences provision.

The types, conditions and procedure for state preferences provision under agreements on the processing of solid minerals are determined by the Code of the Republic of Kazakhstan " On Subsoil and Subsoil Use".

Footnote. Article 281 as amended by the Law of the Republic of Kazakhstan dated December 27, 2017 No.126-VI (effective upon expiry of six months after its first official publication).

Article 282. Authorized investment authority:

1. State investment support is carried out by the authorized body for investments, determined by the Government of the Republic of Kazakhstan, on the conclusion of investment contracts and control over their execution.

2. Authorized body for investments within its competence and in order to perform its tasks has the right, in accordance with the procedure established by the Government of the Republic of Kazakhstan, to attract specialists of relevant state bodies, consultants and experts from among individuals and legal entities of the Republic of Kazakhstan.

3. The authorized investment agency coordinates and monitors the activities for support the investors by one-stop-shop principle for investors carried out by the national company for investment attraction and its regional representatives and representative offices, regional organizations for investment attraction.

4. Is excluded by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

5. Is excluded by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

6. Is excluded by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

7. Authorized body for investments issues applications for obtaining an investor visa for persons who are non-residents of the Republic of Kazakhstan and carry out investment activities in the territory of the Republic of Kazakhstan in the manner determined by the authorized body for investments.

8. Authorized body for investments shall assist investors in securing a guaranteed order from interested legal entities in accordance with the investment contract concluded between an authorized investment body and an investor.

8-1. The authorized investment agency shall develop the procedure for determining an investment project for provision of land plots of state ownership.

The procedure provided by part one of this Paragraph shall, but not limited to, provide by a procedure for coordinating the provision of a land plot with the relevant regional coordination council.

9. Activities of the authorized body for investments is regulated by the regulations approved by the Government of the Republic of Kazakhstan.

Footnote. Article 282 as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 282-1. One-stop-shop principle for investors

1. By the One-stop-shop principle for investors shall be understood a centralized form of assistance to investors by a national company for attracting investments and its regional representatives and representative offices, regional organizations for attracting investments for public services, as well as other services provided by other organizations, minimizing the

participation of investors in the collection and preparation of documents and restriction of their direct contact with state authorities.

2. The rules of the organization of one-stop-shop principle for investors, as well as the order of cooperation in attracting investments shall be approved by the Government of the Republic of Kazakhstan and determine the size of investments in specific sectors of the economy for services on one-stop-shop principle, as well as the procedure for:

1) organization of support to the investor on one-stop-shop principle by a national company for attracting investments and its regional representatives and representative offices, regional organizations for attracting investments in order of implementing investment projects in the Republic of Kazakhstan;

2) coordination of the authorized investment agency with the national company for attracting investments and its regional representatives and representative offices, regional organizations for attracting investments on the issue of organizing support for investment projects to attract investments at central and regional levels;

3) coordination of the national company for attracting investments and its regional representatives and representative offices, regional organizations for attracting investments with foreign institutions, state authorities, local executive agencies, organizations, and other non-governmental organizations on issues of attracting investments;

4) monitoring the process of rendering state and other services provided by state authorities and other organizations for carrying out investment activity of investors, as well as monitoring support of investment projects for attracting investments.

The authorized investment agency, by a joint order with the state authorities responsible for the provision of state and other services, shall determine the responsible persons for coordination under the provision of these services to investors and accompanying them in the state authorities and other organizations.

3. The national company for attracting investments and its regional representatives and representative offices, regional organizations for attracting investments within one-stop-shop principle for investors shall have the right to petition central and local executive agencies, as well as other organizations, on consideration the investor application and enter investors documents to state authorities and other organizations in terms for state and other services.

Footnote. Chapter 25 is supplemented by Article 282-1 in accordance with the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 283. Concept and types of investment preferences

5) investment preferences are targeted advantages, provided to legal entities of the Republic of Kazakhstan in accordance with the laws of the Republic of Kazakhstan, implementing investment project, and leasing companies, importing technological equipment within the framework of the investment project under financial leasing agreement for a legal entity of the Republic of Kazakhstan, implementing the investment project;

2) a legal entity of the Republic of Kazakhstan - a legal entity, including a legal entity with foreign participation, established in the manner state by the legislation of the Republic of Kazakhstan;

2. The following types of investment preferences are provided for the investment project (including investment priority project):

1) exemption from customs duties and value added tax on imports;

2) government grant-in-kind.

3. The following types of investment preferences are provided for the investment priority project (hereinafter-investment preferences for investment priority project):

1) tax preferences;

2) investment grant.

The investment grant is not provided for investment priority projects for the expansion and (or) renewal of existing industries.

4. Excluded by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

5. On a special investment project in the form of investment preferences (hereinafter – investment preferences for special investment project) is provided for exemption from taxation:

import customs duty;

taxes in accordance with the tax legislation of the Republic of Kazakhstan.

Footnote. Article 283 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017); dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 284. Investment project

Investment project is a set of activities involving investments in the creation of new, expansion and (or) renewal of existing production, including production, created, expanded and (or) updated during the implementation of the public-private partnership project, including the concession project.

Investment priority project is an investment project:

on creation of new productions providing implementation by legal entity of investments in construction of new production facilities (factory, plant, manufactory), in the amount of not less than two million of monthly calculation index established by the Law on the republican budget and operating on the date of filing for providing investment preferences;

on expansion and (or) renewal of existing industries providing implementation by legal entity of investments in the amount of not less than five million of the monthly calculation index established by the Law on the Republican Budget and operating on the date of filing of the application for providing investment preferences in change of fixed assets, including updating (renovation, reconstruction, modernization) of the existing production capacities, producing products.

Investment priority project on creation of new productions or expansion and (or) updating of the operating productions is performed by legal entity on certain priority types of activities which list is approved by the Government of the Republic of Kazakhstan.

By a special investment project shall be understood an investment project implemented by legal entity of the Republic of Kazakhstan, registered as a participant of special economic area or owner of a free warehouse in accordance with the customs legislation of the Republic of Kazakhstan, and (or) acquired from a participant of special economic area or implemented by legal entity of the Republic of Kazakhstan, which concluded an agreement on industrial assembly of motor vehicles.

Footnote. Article 284 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018); as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 285. Procedure of investment preferences obtainment

1. To obtain investment preferences, a legal entity of the Republic of Kazakhstan shall send to the authorized body for investments an application for the investment preferences provision and documents confirming the applicant's compliance with the requirements established by this Code in the form established by the authorized body for investments.

2. Investment preferences are provided on the basis of investment contract concluded between the authorized body for investments and the legal entity of the Republic of Kazakhstan implementing the investment project.

The Rules of investment preferences provision by the authorized body for investments on one stop-shop principle to investors, implementing an investment priority project, are approved by the Government of the Republic of Kazakhstan.

3. Excluded by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122 -VI (effective from January 1, 2018).

Footnote. Article 285 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 286. Conditions for investment preferences provision

1. Investment preferences are provided for:

1) on investment project, investment priority project-legal entity of the Republic of Kazakhstan;

2) on a special investment project – a legal entity of the Republic of Kazakhstan, operating as a member of the special economic zone or the owner of a free custom zone stock or concluded an industrial assembly agreement of motor vehicles.

2. Implementation of the investment priority project is carried out exclusively within the framework of one investment contract.

3. Excluded by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122 -VI (effective from January 1, 2018).

4. Investment preferences are provided when a legal entity implements an investment project by the types of activities included in the list of priority activities approved by the Government of the Republic of Kazakhstan.

Determination of priority activities is carried out in accordance with the general classifiers of economic activities, approved by the authorized body in technical regulation.

The following activities are not included in the list of priority activities identified for the implementation of investment priority projects:

5) activities in gambling;

2) subsoil use activities, except for coal bed methane production;

3) activities for the excisable goods production, except for the production, assembly (completing) of excisable goods provided for in subparagraphs 5) and 6) of part one of Article 462 of the Code of the Republic of Kazakhstan "On Taxes and other Mandatory Payments to the Budget" (Tax code).

The list of priority activities, including the list of priority activities identified for the implementation of investment priority projects, may be reviewed no more than once a year.

5. Investment preferences for the investment priority project are provided for if the following conditions are met:

1) the recipient is a legal entity of the Republic of Kazakhstan;

2) a legal entity shall make investments in the amount of not less than two million (for the creation of new productions) or five million (for the expansion and (or) renewal of existing industries) of the monthly calculation index established by the Law on the Republican Budget and acting on the application date for investment preferences provision;

3) for implementation of the investment priority project, budgetary funds shall not be attracted as sources or guarantees of financing, with the exception of money allocated on the terms of repayment, maturity and payment, including leasing financing and lending through financial institutions;

4) a legal entity is not:

an autonomous educational establishment in accordance with the tax legislation of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on education;

an organization operating in the special economic area in accordance with the tax legislation of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan on special economic and industrial areas;

5) the share of the state and (or) a quasi-public sector entity, which is a legal entity of the Republic of Kazakhstan, as the founder and (or) participant (shareholder) of a legal entity of the Republic of Kazakhstan, does not exceed twenty-six percent.

The participation of the state and (or) a quasi-state sector entity, which is a legal entity of the Republic of Kazakhstan, as the founder and (or) participant (shareholder) of a legal entity of the Republic of Kazakhstan is not more than five years from the date of registration of the investment contract. Within five years, the state and (or) the subject of the quasi-state sector

are required to withdraw from the founders and (or) participants (shareholders) of the legal entity of the Republic of Kazakhstan. If this condition is not fulfilled, the application of investment preferences is suspended until its (their) full withdrawal from the founders and (or) participants (shareholders) of a legal entity of the Republic of Kazakhstan, but not more than one year.

Breach of condition of withdrawal from the founders and (or) participants (shareholders) of a legal entity of the Republic of Kazakhstan during the suspension period entails the early termination of the investment contract and the return of previously granted investment preferences.

The provisions of this subparagraph do not apply when a quasi-state sector entity in which the share of the state and (or) quasi-state sector entity as the founder and (or) participant (shareholder) of the legal entity of the Republic of Kazakhstan is less than fifty percent, operates within the framework of the implementation of the investment priority project for the extraction of coal bed methane;

6) for the implementation of an investment priority project, budgetary funds are not attracted as sources or guarantees of financing, with the exception of money allocated under conditions of repayment, maturity and payment, including leasing financing and lending;

7) investment activity is not carried out within the framework of a public-private partnership agreement, including public-private partnership agreement.

5-1. For the purposes of investment preferences application for a special investment project, the legal entity of the Republic of Kazakhstan shall comply with following conditions :

1) a legal entity of the Republic of Kazakhstan shall be registered as a participant of special economic area in accordance with the legislation of the Republic of Kazakhstan on special economic and industrial areas;

2) legal entity of the Republic of Kazakhstan is registered as the owner of a free custom zone stock in accordance with the customs legislation of the Republic of Kazakhstan;

3) legal entity of the Republic of Kazakhstan has concluded an industrial assembly agreement of motor vehicles;

4) legal entity shall carry out activities included in the list of priority activities approved by the Government of the Republic of Kazakhstan.

6. The term of investment preferences application shall be established by this Code and other legislative acts of the Republic of Kazakhstan and specified in the investment contract for each type of investment preferences.

7. Investment preferences are provided for to the investor in the case of documents submission provided for by Article 292 of this Code, confirming the investor's compliance with the requirements.

8. Investment preferences application shall be carried out in accordance with this Code and other legislative acts of the Republic of Kazakhstan.

Footnote. Article 286 as amended by the laws of the Republic of Kazakhstan dated April 28, 2016 No. 506-V (effective upon expiry of sixty calendar days after the date of its first official publication); dated December 28, 2016 No. 34-VI (effective from January 1, 2017); dated December 25, 2017 No. 122-VI (effective from January 1, 2018); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 287. Exemption from customs duties

1. Legal entity of the Republic of Kazakhstan, implementing an investment project within the framework of an investment contract, is exempt from customs duties when importing technological equipment, components and spare parts, raw materials and (or) materials in accordance with the legislation of the Republic of Kazakhstan.

Leasing company is exempt from customs duties when importing technological equipment supplied within the framework of the investment project on the basis of a financial lease agreement for the legal entity of the Republic of Kazakhstan implementing the investment project.

Technological equipment are understood as goods intended for use in the technological process of an investment project.

Components are understood as components that in the aggregate make up the structural integrity of the process equipment.

5) Raw materials and (or) materials – any mineral, component, detail or other goods used for finished product producing by means of technological process;

1-1. Legal entity of the Republic of Kazakhstan, implementing a special investment project within the framework of a special investment contract, is exempt from customs duties when importing technological equipment, components and spare parts, raw materials and (or) materials, as well as raw materials and (or) materials as part of finished products produced in the territory of the special economic zone or free custom zone stock, in accordance with the legislation of the Republic of Kazakhstan.

2. Exemption from customs duties on imports of technological equipment and components is provided for investment contract period, but not more than five years from the date of registration of the investment contract.

3. Exemption from customs duty on import of spare parts for technological equipment for up to five years is provided for to legal entities of the Republic of Kazakhstan depending on the volume of investments in fixed assets and in case of compliance of the investment project with the list of priority activities approved by the Government of the Republic of Kazakhstan.

Exemption from customs duties on imports of raw materials and (or) materials is provided for a period of five years from the date of commissioning of fixed assets under the working program.

Exemption from customs duties is provided for the investment contract period, but not more than five years from the date of commissioning of fixed assets under the working program.

The working program is an annex to the investment contract, which determines the schedule of work on the implementation of the investment project before commissioning.

If the working program provides for the introduction of two or more fixed assets, the calculation of the period of exemption from customs duty on the import of spare parts for technological equipment, raw materials and (or) materials is carried out from the date when the first fixed asset under the working program is put into operation.

This paragraph shall not apply to the conditions of investment preferences provision for a special investment project.

3-1. Exemption from import customs duties in the framework of a special investment project is provided for:

1) the participants of the special economic zones in the fifteen-year period, but not longer than the validity period of the special economic zones;

2) owners of free custom zone stock for a period not exceeding fifteen years from the date of registration of the special investment contract;

3) legal entities of the Republic of Kazakhstan that have concluded an industrial assembly agreement of motor vehicles for a period not exceeding fifteen years from the date of registration of a special investment contract.

4. Notification of the decision taken in accordance with paragraph 2 of this Article shall be sent by the authorized body for investments within five working days to the customs authority.

Footnote. Article 287 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017); dated December 25, 2017 No . 122-VI(effective from January 1, 2018).

Article 288. Government grant-in-kind

1. Government grant-in-kind are property that is the property of the Republic of Kazakhstan, transferred for temporary gratuitous use or provided on the right of temporary gratuitous land use to a legal entity of the Republic of Kazakhstan for the investment project implementation with subsequent gratuitous transfer of ownership or land use.

2. Government grant-in-kind in the order established by this Code shall be provided for by the authorized body for investments in coordination with the authorized body for state property management and (or) the Central authorized body for land resources management, as well as local Executive bodies for temporary gratuitous use or on the right of temporary gratuitous land use with subsequent gratuitous transfer to ownership or land use in case of investment obligations in accordance with the investment contract.

The basis for the gratuitous transfer of the government grant-in-kind to the ownership or land use is the decision of the authorized body for investments, which is taken after the

expiration of the investment contract, in the case of the investor's investment obligations in accordance with the investment contract concluded between the investor and the authorized body for investments.

3. As the government grant-in-kind can be transferred: land, buildings, structures, machinery and equipment, computer equipment, measuring and regulating devices and facilities, vehicles (except auto cars), production and household equipment.

4. Evaluation of government grant-in-kind is carried out at their market value in the manner prescribed by the legislation of the Republic of Kazakhstan.

5. The maximum size of the government grant-in-kind is not more than thirty percent of the volume of investments in fixed assets of a legal entity of the Republic of Kazakhstan.

If the estimated value of the requested government grant-in-kind exceeds the specified maximum size, the legal entity of the Republic of Kazakhstan has the right to receive the requested property with payment of the difference between its estimated value and the maximum size of the government grant-in-kind.

Article 289. Guarantees of stability in case of amendment in the legislation of the Republic of Kazakhstan

1. Legal entities implementing investment priority projects in accordance with paragraph 5 of Article 286 of this Code, as well as implementing investment strategic projects under investment contracts, concluded before January 1, 2015, are guaranteed stability upon amendment in:

1) tax legislation of the Republic of Kazakhstan in accordance with the Code of the Republic of Kazakhstan "On taxes and other Mandatory Payments to the Budget" (Tax Code) ;

2) the legislation of the Republic of Kazakhstan on employment in the sphere of attracting foreign labor.

2. Guarantee of stability application of the legislation of the Republic of Kazakhstan shall be canceled in case of early termination of the investment contract in the manner prescribed by this Code.

Footnote. Article 289 as amended by the Law of the Republic of Kazakhstan dated 25.12.2017 No. 122-VI (effective from January 1, 2018).

Article 290. Tax preferences

1. Tax preferences are provided for to legal entities of the Republic of Kazakhstan in the manner and on the terms provided by the tax legislation of the Republic of Kazakhstan.

2. Types of tax preferences:

1) for investment priority projects:

reduction of the amount of calculated corporate income tax by 100 percent;

the application of the coefficient 0 to the land tax rates;

calculation of property tax at the rate of 0 percent to the tax base;

2) for investment projects, except for investment priority projects-exemption from value added tax on imports of raw materials and (or) materials under the investment contract;

3) for special investment projects – exemption of import of raw materials and (or) materials under a special investment contract from value added tax in accordance with the tax legislation of the Republic of Kazakhstan.

3. Investment contract establishes the validity period of each type of tax preferences, but no more than the absolute deadline for their application, defined in accordance with the Code of the Republic of Kazakhstan "On Taxes and other Mandatory Payments to the Budget" (Tax Code).

4. Application of tax preferences shall be canceled in case of early termination of the investment contract in the manner prescribed by this Code.

Footnote. Article 290 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 291. Investment grant

1. Investment grant is a type of budgetary subsidy, provided for as an investment preference on a gratuitous and irrevocable basis to a legal entity of the Republic of Kazakhstan that has concluded an investment contract providing for the implementation of investments in the amount of not less than five million of the monthly calculation index established by the law on the Republican budget and acting on the date of filing an application for the investment preferences provision and investment priority project implementation.

2. Investment grant is provided for to an investor on the basis of a decision of the Government of the Republic of Kazakhstan, implementing an investment priority project in order to promote regional development.

Investment grant is provided for priority activities defined by the Government of the Republic of Kazakhstan for the investment grants provision.

3. Investment grant is provided by reimbursing up to thirty percent of the cost of construction and installation work and the purchase of equipment without value-added tax and excise taxes provided in the investment contract working program.

Investment grant payment at the actual costs of construction and installation works and the purchase of equipment is carried out on the basis of supporting documents, but does not exceed the cost stipulated by the pre-project documentation having a state expert opinion in the manner prescribed by the legislation of the Republic of Kazakhstan.

4. Documents, confirming the actual costs of the investor, are:

1) primary accounting documents issued in accordance with the legislation of the Republic of Kazakhstan on accounting and financial reporting;

2) invoices issued in accordance with the tax legislation of the Republic of Kazakhstan;

3) customs declarations issued in accordance with the customs legislation of the Republic of Kazakhstan.

5. Schedule and annual payments of investment grant are established within the framework of an investment contract by distributing an investment grant in equal shares for a period of at least three years, but not more than the duration of the investment contract.

6. Payment of the investment grant is carried out as agreed by the local executive body of the region, the city of republican status and the capital at the place of project implementation after commissioning in full, provided that performance of production indicators established by the investment contract.

7. The Rules for investment grant provision are approved by the Government of the Republic of Kazakhstan.

Footnote. Article 291 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 292. Requirements for the application for investment preferences

1. Application for investment preferences provision is accepted and registered in the form established by the authorized body for investments, if available:

- 1) certificate of state registration (re-registration) of the legal entity;
- 2) the copies of the charter of the legal entity, certified by the signature of the head and seal of the legal entity.

If the legal entity shall be a private business entity, the documents affixing a seal shall not be required;

3) business plan of investment project, drawn up in accordance with the requirements established by the authorized body.

4) Excluded by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

5) documents confirming the size (cost) of the government grant-in-kind requested by the legal entity of the Republic of Kazakhstan and preliminary approvals of its provision;

Note by the Republican Center for Legal Information!

Subparagraph 6) was valid until January 1, 2017 in accordance with the Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V.

6) certificates of the State revenue committee at the place of registration on tax clearance, on mandatory pension contributions, mandatory professional pension contributions and social contributions;

7) copies of the passport or identity document of the attracted foreign worker (with translation into the Kazakh or Russian), the employment contract concluded between the employer and the attracted foreign worker (with translation into the Kazakh or Russian), documents confirming his qualifications and (or) education (with translation into the Kazakh or Russian).

1-1. Application for investment preferences provision within the framework of a special investment project implementation is accepted and registered in the form and in the manner established by the authorized body for investments.

2. If the application for investment preferences provides for tax preferences and (or) investment subsidies, the investor shall submit the state examination opinion of pre-project and (or) project documentation, certified by the head, in the manner determined by the legislation of the Republic of Kazakhstan.

Footnote. Article 292 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017); dated December 25, 2017 No. 122-VI (effective from January 1, 2018); No. 241-VI dated 02.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication); No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 293. Terms of application consideration for investment preferences provision

1. Application for investment preferences provision shall be submitted for consideration to the authorized body for investments, which, in accordance with the requirements established by Articles 285 and 286 of this Code, shall make a decision within twenty working days from the date of registration of the application.

Order of application consideration for an investment preference provision in the form of an investment grant is determined by the rules for an investment grant provision.

2. Order of acceptance, registration and consideration of the application for investment preferences provision is determined by the authorized body for investments.

3. Provisions of this Article shall not apply to applications for investment preferences for a special investment project.

Footnote. Article 293 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017); dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 294. Conclusion of an investment contract

1. An investment contract is a contract for the implementation of an investment project, which provides for investments implementation and investment preferences provision.

2. Authorized body for investments within ten working days from the date of the decision investment preferences provision prepares for signing the investment contract taking into account provisions of the model-based contract.

Model-based contract is a standard contract approved by the Government of the Republic of Kazakhstan and used in the conclusion of investment contracts.

3. The investment contract is registered by the authorized body within 5 (five) working days from the date of signing and comes into force from the date of its registration.

Investment contract date is the date of its registration by the authorized body for investments.

4. Investment contract period is determined by the term of the investment preferences. Completion term of the working program shall be finished no later than nine months before the end of the investment contract.

In case of realization of the investment project by the legal entity of the Republic of Kazakhstan being concluded a financial leasing contract, the validity of the investment contract shall expire after nine months after the expiry of a financial leasing contract.

Footnote. Article 294 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017).

Article 295. Terms of termination of the investment contract

1. Investment preferences shall be terminated upon expiry of the investment contract or may be terminated before the expiry of such period in the manner prescribed by this Article.

2. Investment contract may be terminated before expiry:

1) by agreement of the parties;

2) unilaterally.

3. In case of non-performance or improper performance of obligations by the investor under the investment contract and in case of failure by the investor to submit documents justifying the possibility of further implementation of the investment project, the authorized body for investment shall terminate the investment contract unilaterally before the expiry of three months from the date of notification.

In case of the investment contract termination, the specified legal entity shall pay the amounts of taxes and customs duties not paid to the budget as a result of investment preferences provided under the investment contract.

4. In case of the investment contract early termination on the initiative of the legal entity of the Republic of Kazakhstan, which concluded the investment contract, the specified legal entity shall pay unilaterally the amount of taxes and customs duties not paid as a result of investment preferences provided for under the investment contract.

5. In case of early termination of the investment contract by agreement of the parties, the legal entity of the Republic of Kazakhstan, which concluded the investment contract, shall pay the amount of taxes and customs duties not paid as a result of investment preferences provided for under the investment contract.

6. In case of early termination of the investment contract, the legal entity of the Republic of Kazakhstan, which concluded the investment contract, returns the property in kind, provided to it as a state full-scale grant, or its initial cost on the date of transfer in accordance with the terms of the investment contract.

6-1. In case of termination of the investment contract, a legal entity of the Republic of Kazakhstan shall reimburse in full the amount of the investment grant paid under the investment contract.

7. The return of the state full-scale grant is carried out by the legal entity of the Republic of Kazakhstan, which concluded the investment contract, within thirty calendar days after decision making of the authorized body for investments on early termination of the investment contract.

Footnote. Article 295 as amended by the Law of the Republic of Kazakhstan dated December 25, 2017 No. 122-VI (effective from January 1, 2018).

Article 295-1. Conclusion and termination of a special investment contract

1. A special investment contract is a contract providing for the provision of investment preferences for a special investment project.

2. Within fifteen working days from the date of receipt of the application for the provision of investment preferences for a special investment project, the authorized investment body shall prepare a special investment contract for signing, taking into account the provisions of a standard special investment contract approved by the authorized body for investments.

3. General terms and conditions for the conclusion and termination of a special investment contract shall be developed and approved by the authorized body for investments.

4. The term of the special investment contract is determined by the term of the investment preferences.

5. Upon early termination of a special investment contract by agreement of the parties, a legal entity of the Republic of Kazakhstan that has entered into a special investment contract shall not pay the amount of customs duties not paid as a result of investment preferences granted under a special investment contract.

Footnote. The Code is amended by adding Article 295-1 in accordance with the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017); as amended by the Law of the Republic of Kazakhstan No. 243-VI dated 03.04.2019 (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 296. Investment disputes settlement

1. An investment dispute is a dispute arising from contractual obligations between investors, including large investors, and government authorities in connection with the investor's investment activities.

2. Investment disputes are resolved through negotiations or in accordance with the previously agreed dispute resolution procedure.

3. If it is impossible to resolve investment disputes in accordance with the provisions of paragraph 2 of this Article, disputes shall be settled in accordance with the treaties and legislative acts of the Republic of Kazakhstan in the courts of the Republic of Kazakhstan, as well as in arbitration determined by the agreement of the parties.

4. Disputes, not related to investment disputes, shall be resolved in accordance with the legislation of the Republic of Kazakhstan.

Footnote. Article 296 as amended by the Law of the Republic of Kazakhstan dated April 8, 2016 No. 489-V (effective upon expiry of ten calendar days after the date of its first official publication).

Chapter 26. SPECIAL PROTECTIVE, ANTI-DUMPING AND COUNTERVAILING MEASURES IN RELATION TO THIRD COUNTRIES

Article 297. General provisions on the introduction of measures to protect the domestic market

1. In order to protect the economic interests of the Republic of Kazakhstan, measures may be introduced to protect the domestic market in respect of goods originating from third countries and imported into the customs territory of the Eurasian Economic Union in the form of special, protective, anti-dumping and countervailing measures.

Third countries are understood as countries and (or) associations of countries that are not parties to the Treaty on the Eurasian Economic Union, as well as territories included in the world classification approved by the Eurasian Economic Commission.

2. Decisions on the introduction and application, revision or cancellation of special, protective, anti-dumping or countervailing measures or non-application of the relevant measure shall be taken by the Eurasian Economic Commission.

Special, protective, anti-dumping and countervailing measures application, investigation prior to the application of special protective, anti-dumping and countervailing measures are regulated by the Law of the Republic of Kazakhstan "On special, protective, anti-dumping and countervailing measures in relation to third countries".

Article 298. Types of measures

1. A special, protective measure is a measure to limit the increased import of goods into the customs territory of the Eurasian Economic Union, which is applied by the decision of the Eurasian Economic Commission through the introduction of an import quota, a special quota or a special duty, including a preliminary special duty.

2. An anti-dumping measure is a measure to counteract dumping imports, which is applied by the decision of the Eurasian Economic Commission through the introduction of an anti-dumping duty, including a preliminary anti-dumping duty, or the approval of price commitments made by the exporter.

3. A compensatory measure is a measure to neutralize the impact of a specific subsidy of the exporting third country on the economic sector of the member-states, applied by the decision of the Eurasian Economic Commission through the introduction of a compensation fee (including a preliminary compensation fee) or approval of voluntary commitments made by the authorized body of the subsidizing third country or exporter.

Article 299. Principles of special protective, anti-dumping and countervailing measures application

A special protective measure may be applied to the goods if, as a result of the investigation, it is established that the import of the goods into the customs territory of the Eurasian Economic Union is carried out in such increased quantities (in absolute or relative terms to the total volume of production in the member-states of similar or directly competing

goods) and on such conditions that it causes serious damage to the branch of the economy of the member-states or creates a threat of causing such damage.

An anti-dumping measure shall be applied to the goods that are the subject of dumping imports if, as a result of an investigation conducted by the body conducting the investigation, it is established that the import of such goods into the customs territory of the Eurasian Economic Union causes material damage to the branch of the economy of the member-states, creates a threat of causing such damage or significantly slows down the creation of the branch of the economy of the member-states.

Compensatory measure may be applied to the imported goods, in the production, export or transportation of which a specific subsidy of the exporting third country was used, if, according to the results of the investigation conducted by the body conducting the investigation, it is established that the import of such goods to the customs territory of the Eurasian Economic Union causes material damage to the branch of the economy of the member-states, creates a threat of causing such damage or significantly slows down the creation of the branch of the economy of the member-states.

Member States are understood as States that are members of the Eurasian Economic Union and Parties to the Treaty on the Eurasian Economic Union.

SECTION 6. PROTECTION FORMS AND REMEDIES OF BUSINESS ENTITIES

Chapter 27. PROTECTION OF BUSINESS ENTITIES RIGHTS

Article 300. Protection forms of business entities rights

1. Every business entity has the right to judicial protection of its rights, freedoms and legitimate interests.

Protection of violated or disputed rights of business entities may be carried out in a different manner provided for by the laws of the Republic of Kazakhstan (arbitration, mediation, Business Rights Commissioner of Kazakhstan, Ombudsman, negotiations, claims procedure and others).

2. Business entities rights protection may be carried out by appealing the actions (inaction) of officials and acts (decisions) of state bodies in cases provided for by this Code and the laws of the Republic of Kazakhstan.

3. In cases specifically provided for by law, the rights protection of business entities may be carried out by direct actual or legal actions of the business entity whose right is violated (self-defense).

Article 301. Judicial protection form

Business entities have the right to apply to the court for the protection of violated or disputed rights, freedoms or legitimate interests in accordance with the procedure established by the Civil Procedure Code of the Republic of Kazakhstan.

Article 302. Pre-trial disputes settlement, the parties of which are business entities

1. Business entities, whose rights and legitimate interests have been violated, in order to directly resolve the dispute with the violator of these rights, apply to him with a written claim in the manner prescribed by the laws of the Republic of Kazakhstan.

2. In cases, established by the laws of the Republic of Kazakhstan, when compliance with the pre-trial dispute settlement procedure is optional, the business entity has the right to apply directly to the court for the protection of its violated right.

3. In case of disputes non-settlement in the pre-trial order, business entities have the right to apply to the court in the manner prescribed by the Civil Procedure Code of the Republic of Kazakhstan.

Article 303. Amicable protection forms

1. Protection of the rights of business entities may be carried out in the following forms provided for by the laws of the Republic of Kazakhstan and (or) the contract:

- 1) in arbitration;
- 2) through the mediation;
- 3) in the manner of the participatory procedure.

2. Other non-judicial protection forms of the rights of business entities in cases provided for by the laws of the Republic of Kazakhstan, may be established.

3. In order to enforce the rights and legitimate interests of business entities, disputes settlement arising in the course of business activities, business entities have the right to apply to the Business Rights Commissioner of Kazakhstan, the Ombudsman in cases provided for by this Code and other laws of the Republic of Kazakhstan.

Article 304. Protection of rights in arbitration

1. Unless otherwise provided by the laws of the Republic of Kazakhstan, a dispute arising from civil law relations may be considered in arbitration in the manner provided by the laws of the Republic of Kazakhstan, in the presence of an arbitration agreement.

2. To resolve a dispute, arbitrations may be established in the form of permanent arbitral institution or arbitration to resolve a certain dispute.

3. Organization and procedure for the activities of permanent arbitrations shall be established by their rules and laws of the Republic of Kazakhstan, treaties of the Republic of Kazakhstan.

4. If other requirements to the organization and arbitration standard operating procedures, created for resolution of a specific dispute, are not established by the law and treaties of the Republic of Kazakhstan, they are determined by the agreement of the parties.

5. If the arbitral award is not executed voluntarily within the period established in it, it shall be subject to enforcement in the manner provided by the Civil Procedure Code of the Republic of Kazakhstan.

Footnote. Article 304 as amended by the Law of the Republic of Kazakhstan dated April 8 , 2016No. 489-V (effective upon expiry of ten calendar days after the date of its first official

publication).

Article 305. Protection of the rights through procedure application of the mediation

1. Mediation between business entities is carried out by mutual agreement of the parties and at the conclusion of a mediation agreement between them.

2. Mediation in the disputes settlement arising from civil and other legal relations with the participation of business entities can be applied both before initiation of legal action and after the claim acceptance by the court.

3. General terms and conditions of mediation are provided by the law of the Republic of Kazakhstan "On mediation".

Article 306. Protection of rights in the participative procedure

1. Business entities have the right to conclude an agreement on the dispute settlement in the form of a participatory procedure.

2. Participative procedure shall be conducted without the participation of a judge by means of negotiations between the parties, with the assistance of the dispute adjustment by the lawyers of both parties.

3. General terms and conditions of the participatory procedure are regulated by the Civil Procedure Code of the Republic of Kazakhstan.

Chapter 28. BUSINESS RIGHTS COMMISSIONER OF KAZAKHSTAN INVESTMENT OMBUDSMAN

Paragraph 1. Legal status of Business Rights Commissioner of Kazakhstan

Article 307. Concept of Business Rights Commissioner of Kazakhstan

1. Business Rights Commissioner of Kazakhstan is a person appointed to the post by the Order of the President of the Republic of Kazakhstan in order to represent, ensure and protect the rights and legitimate interests of business entities in state bodies, as well as to protect the interests of the business community.

Business Rights Commissioner of Kazakhstan is accountable to the President of the Republic of Kazakhstan.

2. No one has the right to impose on the Business Rights Commissioner of Kazakhstan functions not provided for by this Code. Any illegal interference in the activities of the Business Rights Commissioner of Kazakhstan is not allowed.

3. For the period of implementation of its powers, Business Rights Commissioner of Kazakhstan suspends its membership in political parties and other public associations.

4. Business Rights Commissioner of Kazakhstan has no right to engage in political activities.

5. Business Rights Commissioner of Kazakhstan in accordance with the established procedure within a month after taking office is obliged to transfer to the trust management the

shares in his ownership, shares (shares), shares of the authorized capital of commercial organizations and other property, the use of which entails the receipt of income, except for money legally owned by this person, as well as property transferred to the property lease. Business Rights Commissioner of Kazakhstan may not transfer to the trust management of the bonds belonging to him, shares of open and interval mutual investment funds, and also has the right to receive income from the property transferred to the trust management and has the right to transfer to the property rental housing.

6. Business Rights Commissioner of Kazakhstan may not hold paid positions in other organizations, except for teaching, research or other creative activities.

Article 308. Basics of Business Rights Commissioner of Kazakhstan activities

Business Rights Commissioner of Kazakhstan activities is based on:

- 1) legitimacy;
- 2) priority of protection of business entities rights and legitimate interests;
- 3) objectivity;
- 4) publicity.

Article 309. Duties of Business Rights Commissioner of Kazakhstan

Business Rights Commissioner of Kazakhstan in order to represent, ensure and protect the rights and legitimate interests of business entities, as well as to protect the interests of the business community:

1) shall represent, ensure, protect the rights and legitimate interests of business entities in state bodies and other organizations of the Republic of Kazakhstan, as well as international organizations and foreign states;

2) shall consider applications of business entities;

3) shall make proposals to the state bodies on the protection of the rights of business entities, as well as recommendations on the suspension of subordinate regulatory legal acts;

4) shall send to the state bodies (officials), actions (inaction) having violated the rights and legitimate interests of business entities, recommendations on measures to restore the violated rights, including the involvement of persons guilty of business entities rights and legitimate interests violation, to responsibility;

5) shall send applications to the Prosecutor's office in case of disagreement with the opinion of state bodies in order to further restore violated business rights;

6) shall submit applications to the President of the Republic of Kazakhstan in case of occurrence of facts of business rights systematic violation and impossibility of their resolution at the level of state bodies;

7) shall request from the state bodies (officials) the information, documents and materials relating to the rights and obligations of business entities, with the exception of information constituting a state, commercial, bank and other secret protected by the law;

8) shall apply to the court with a claim (application) in accordance with the legislation of the Republic of Kazakhstan;

9) shall take other legal measures aimed at restoring the violated rights and legitimate interests of business entities.

Article 310. Obligations of Business Rights Commissioner of Kazakhstan

1. In carrying out activities, the Business Rights Commissioner of Kazakhstan is obliged:

- 1) to comply with the Constitution and legislation of the Republic of Kazakhstan;
- 2) to take measures to ensure the observance and protection of the rights and legitimate interests of business entities;
- 3) to be objective and impartial when considering applications;
- 4) not to take any actions that impedes the exercise of the rights of a person seeking protection.

2. Business Rights Commissioner of Kazakhstan annually submits to the President of the Republic of Kazakhstan a report on the results of the work done to protect the business rights, which is placed in the mass media.

Article 311. Order of applications consideration by the Business Rights Commissioner of Kazakhstan

1. Business Rights Commissioner of Kazakhstan within its competence:

1) shall consider applications of business entities (hereinafter – the applicant), except for applications:

which have not been previously considered by the state bodies within their competence;
on the facts of applicant's rights violation by other private business entities;

2) shall inform the applicants about the direction of their applications to the authorized state bodies and organizations;

3) shall inform applicants on results of consideration of their references and taken measures;

2. Business Rights Commissioner of Kazakhstan within ten calendar days shall consider applications of applicants for compliance with the requirements set out in subparagraph 1) of paragraph 1 of this Article, in case of failure to comply with which leaves the application without consideration, as shall notify the applicant in writing form.

3. Applications of applicants, received by the Business Rights Commissioner of Kazakhstan, shall be considered within thirty calendar days.

4. If necessary, the period of applications consideration received by the Business Rights Commissioner of Kazakhstan, shall be extended with the obligatory notification of the applicant about the work.

5. As a result of consideration, the applicant is provided for with a response on the merits of the application within the competence of the Business Rights Commissioner of Kazakhstan

6. Procedure for extending the terms of appeals consideration, sending to the authorized state bodies and organizations, informing applicants about the course of appeals consideration is established by the Business Rights Commissioner of Kazakhstan.

Article 312. Appointment and dismissal of the Business Rights Commissioner of Kazakhstan

1. Person appointed to the position of the Business Rights Commissioner of Kazakhstan shall meet the following requirements:

- 1) have citizenship of the Republic of Kazakhstan;
- 2) have higher education;
- 3) have at least five years of experience in protection of the rights and legitimate interests of entrepreneurs.

2. Business Rights Commissioner of Kazakhstan is appointed by Order of the President of the Republic of Kazakhstan for a period of four years.

3. Business Rights Commissioner of Kazakhstan may be dismissed from office early by the decision of the President of the Republic of Kazakhstan on the following grounds:

- 1) voluntary;
- 2) health reasons preventing further execution of professional duties according to the medical report;
- 3) failure to comply with the obligations and restrictions established by this Code;
- 4) violation of official duties, commission of misdeeds inconsistent with the position held;
- 5) departure for permanent residence outside the Republic of Kazakhstan.

4. Powers of Business Rights Commissioner of Kazakhstan shall be terminated in the following cases:

- 1) termination of citizenship of the Republic of Kazakhstan by the Business Rights Commissioner of Kazakhstan;
- 2) Entry of court decision into legal force on the recognition of the Business Rights Commissioner of Kazakhstan as incapable or partially capable or on the application of compulsory medical measures to him;
- 3) Entry of condemnatory judgement into legal force concerning Business Rights Commissioner of Kazakhstan;
- 4) Death of Business Rights Commissioner of Kazakhstan or entry of court decision into legal force to declare him dead.

5. The same person may not be appointed to the position of Business Rights Commissioner of Kazakhstan more than two consecutive times.

Article 313. Basics of Business Rights Commissioner of Kazakhstan activities

Business Rights Commissioner of Kazakhstan activities is provided by the National Chamber.

Paragraph 2. Investment Ombudsman legal status

Article 314. Investment Ombudsmen

1. Investment Ombudsman is an officer appointed (assigned) by the Government of the Republic of Kazakhstan, who is entrusted with the functions of assistance in protecting the rights and legitimate interests of investors;

2. Investment ombudsman shall carry out his activities in compliance with the Constitution of the Republic of Kazakhstan, the laws of the Republic of Kazakhstan, the Acts of the President and the Government of the Republic of Kazakhstan and other regulations, as well as these Regulations.

Article 315. Duties of Investment Ombudsmen

1. In order to ensure and protect the rights and legitimate interests of investors, Investment Ombudsman:

1) shall consider investors' appeals on issues arising in the course of investment activities in the Republic of Kazakhstan, and make recommendations for their resolution, including interacting with state bodies;

2) shall provide assistance to investors in resolving emerging issues out-of-court and pre-court procedures;

3) shall develop and submit to the Government of the Republic of Kazakhstan recommendations on improving the legislation of the Republic of Kazakhstan on investment activities.

2. Investment Ombudsman recommendations are issued in the form of letters and minutes of meetings with Investment Ombudsman.

3. Investment Ombudsman shall conduct consultations with state bodies and organizations and scheduled meeting to resolve issues of investors arising out-of-court and pre-court procedures.

4. Investment Ombudsman, in the event that investor's issues cannot be resolved in accordance with the applicable legislation, shall develop and make recommendations on legislation improvement of the Republic of Kazakhstan, and directs them to the Government of the Republic of Kazakhstan.

Article 316. 3. Rights and obligations of Investment Ombudsman

1. The Investment Ombudsman has the right:

1) to request and receive from state bodies and organizations, regardless of the form of ownership, the information necessary for the consideration of applications, except for information constituting a commercial secret;

2) for immediate reception by Chiefs and other officials of state bodies and organizations;

3) to hear the Chiefs of interested state bodies and organizations or their Deputies on the applications of investors;

4) other rights necessary for the implementation of the functions assigned to the Investment Ombudsman.

2. In carrying out the activities, the Investment Ombudsman is obliged:

1) to take measures to ensure the observance and protection of the rights and legitimate interests of investors;

2) to consider in the order and terms established by the legislation of the Republic of Kazakhstan, applications of investors on the actions (inaction) of officials, decisions of state bodies, other organizations and their officials, as well as take the necessary measures on them ;

3) to be objective and impartial when considering applications;

4) not to take any actions that impedes the exercise of the rights of a person seeking protection.

Article 317. Organization of Investment Ombudsman activities

Investment Ombudsman activities is ensured by an authorized authority for investment.

Regulations on the Investment Ombudsman activities shall be approved by the Government of the Republic of Kazakhstan.

Chapter 29. APPEAL AGAINST DECISIONS, ACTIONS (INACTION) OF STATE BODIES AND OFFICIALS

Article 318. Obligation to consider the complaint of business entities

Complaints filed in the manner prescribed by the laws of the Republic of Kazakhstan shall be subject to mandatory acceptance, registration and consideration. Refusal to accept complaint is prohibited.

State body (state body official) is obliged to consider the complaint filed by the business entity in the order and terms established by the laws of the Republic of Kazakhstan.

Article 319. Leave to appeal

1. Decisions, actions (inaction) of state bodies and officials may be appealed in the manner prescribed by the laws of the Republic of Kazakhstan by business entities, if they affect their rights and legitimate interests.

2. The complaint is submitted to the state body, which is competent to consider it and take a decision on it. Submission of a complaint to a higher state body, an official does not prevent the appeal to the court for the protection of the disputed rights, freedoms and (or) legitimate interests.

SECTION 7. RESPONSIBILITY FOR VIOLATION OF THE LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN IN ENTREPRENEURSHIP. TRANSITORY AND FINAL PROVISIONS

Chapter 30. RESPONSIBILITY FOR VIOLATION OF THE LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN IN ENTREPRENEURSHIP

Article 320. Responsibility for violation of the legislation of the Republic of Kazakhstan in entrepreneurship

1. Violation of the legislation of the Republic of Kazakhstan in entrepreneurship shall entail liability established by the laws of the Republic of Kazakhstan.

2. State bodies and their officials shall bear the responsibility established by the laws of the Republic of Kazakhstan for the illegal distribution and (or) use of information constituting a commercial secret, and the damage caused to a business entity as a result of such distribution and (or) use, shall be refundable in accordance with the civil laws of the Republic of Kazakhstan.

3. Obstruction of legal business activity shall entail liability established by the laws of the Republic of Kazakhstan.

4. All losses incurred by a business entity as a result of obstruction of its legitimate business activity shall be refundable to compensation in accordance with the civil laws of the Republic of Kazakhstan.

Article 321. Responsibility of state bodies and their officials for non-performance or improper performance of their official duties

1. State bodies and their officials in case of non-performance or improper performance of their duties in the process of interaction of business entities and the state, including the state regulation and support of entrepreneurship, as well as in case of illegal actions (inaction) shall be liable, established by the laws of the Republic of Kazakhstan.

2. State bodies are obliged to inform in writing form the business entity, whose rights and legitimate interests have been violated, about the measures taken against the state bodies officials responsible for the violation of the legislation of the Republic of Kazakhstan within one month.

Article 322. Responsibility for violation of the established order of the business entity inspection

1. Illegal actions of state bodies officials during inspections entail liability established by the laws of the Republic of Kazakhstan.

2. Damage caused to a business entity by a state body or its official in the implementation of state control and supervision shall be subject to compensation in accordance with the civil laws of the Republic of Kazakhstan.

The amount of damages for compensation, including the amount of remuneration paid to employees of business entities for the preparation of inspection materials, wages for the time

of production forced stop, lost profits that would have received the business entity in the implementation of the relevant goods, works, services not released as a result of production suspension.

Chapter 31. TRANSITORY AND FINAL PROVISIONS

Article 323. Application procedure of certain provisions of this Code

1. Benefits, provided for on the basis of investment contracts concluded with the authorized body for investments prior to the enactment of the Law of the Republic of Kazakhstan dated January 8, 2003 "On investments", shall remain in force until the expiration of the period established in these investment contracts.

2. Provisions of paragraph 1 of Article 159, paragraphs 3, 4 and 5 of Article 295 of this Code regarding the payment of taxes shall remain in force on investment contracts concluded with the authorized body for investments until 1 January 2009.

3. Provisions of paragraph 1 of Article 287 of this Code in terms of exemption from import customs duties of leasing companies apply to investment contracts concluded with the authorized body for investments from October 1, 2016.

Footnote. Article 323 as amended by the Law of the Republic of Kazakhstan dated December 28, 2016 No. 34-VI (effective from January 1, 2017).

Article 324. Procedure for Entry into Force of this Code

1. This Code shall be enforced since January 1, 2016 as excluded:

1) sub-paragraph 2) of the second part of paragraph 2 of Article 36 and sub-paragraph 5) of paragraph 2 of Article 38 of this Code, which shall enter into force on February 6, 2016;

2) part two of paragraph 4 of Article 193 of this Code, which shall enter into force on March 1, 2016;

3) the title of Article 211 of the table of contents, article 211, sub-paragraph 2) of paragraph 2 of Article 290 of this Code, which shall enter into force on 1 January 2017;

4) sub-paragraph 19) of paragraph 2 of Article 3, Article 22, paragraph 2 of Article 58, Article 62, sub-paragraph 5 of the third part of paragraph 2 of Article 80 and sub-paragraph 4) of paragraph 2 of Article 82 of this Code, which shall enter into force after the enactment of the legislative act on self-regulation;

5) provisions of the third part of paragraph 1 of Article 65, Article 66 of this Code in terms of expert opinions on the concepts of draft laws affecting the interests of business entities shall enter into force after the enactment of the legislative act on legal acts;

6) sub-paragraph 11) of Article 138 of this Code, which shall enter into force after the enactment of the legislative act on the organic products production.

2. Establish that headings of Articles 173 and 197 of the table of contents, sub-paragraphs 9), 13) and 14) of Article 88, sub-paragraph 4) of paragraph 3 of Article 116, sub-paragraph

68) of Article 138, Article 173, sub-paragraph 3) of Article 195, sub-paragraph 2) of paragraph 6 of Article 196, Article 197, sub-paragraph 6) of paragraph 1 of Article 292 of this Code is valid till January 1, 2017.

3. Establish that the heading of Article 119 of the table of contents of this Code till January 1, 2017 is amended read as follows:

"Article 119. Pricing for goods, works, services produced and sold by regulated market entities".

4. Suspend until March 1, 2016 the effect of sub-paragraph 1) of paragraph 1 of Article 36 of this Code, establishing that during the suspension of this sub-paragraph is hereby amended to be valid as follows:

"1. For state registration as an individual entrepreneur, an individual shall submit directly to the State revenue committee or through the Public service center:".

5. Suspend until January 1, 2017 the effect of sub-paragraphs 7) and 16) of Article 88 of this Code, establishing that during the suspension of this sub-paragraphs is hereby amended to be valid as follows:

"7) warns and eliminates abuses of the dominant or monopolistic position in the relevant product market, with the exception of violations stipulated by the legislation of the Republic of Kazakhstan concerning natural monopolies and regulated markets;"

"16) identify monopolistically high and low price set by the market entity having dominant or monopolistic position, except for market entities selling goods in regulated markets;"

7. Suspend until March 1, 2016 the effect of sub-paragraph 2) of paragraph 2 of Article 110 of this Code, establishing that during the suspension of this sub-paragraph is hereby amended to be valid as follows:

"2) to appeal against decisions, actions (inactions) of permitting authorities and state bodies that receive notifications, and (or) their officials, Public Service Center and (or) its employees on licensing and permitting procedures or receiving notifications in accordance with the legislation of the Republic of Kazakhstan;"

7. Suspend until January 1, 2017 the effect of sub-paragraph 4) of paragraph 3 of Article 111 of this Code, establishing that during the suspension of this sub-paragraph is hereby amended to be valid as follows:

"4) provide to public authorities and public service centers documents and (or) information necessary for the implementation of licensing and licensing procedures, including through information systems;"

8. Suspend until January 1, 2017 the effect of paragraphs 1 and 2 of Article 118 of this Code, establishing that during the suspension of this paragraphs is hereby amended to be valid as follows:

"1. 1. Tariff setting on goods, works, services in natural monopoly is carried out in accordance with the legislation of the Republic of Kazakhstan concerning natural monopolies and regulated markets.

2. Tariffs (prices, charge rates) or their limits on regulated goods, works, services of a natural monopoly entity approved by an authorized body in natural monopolies and regulated markets, taking into account the quality and reliability of goods produced, works performed, services rendered not lower than the cost of expenses necessary for the provision of regulated goods, works, services, and to consider the possibility of making a profit, ensuring the effective functioning of the natural monopoly entity.

9. Suspend until January 1, 2017 the effect of Article 119 of this Code, establishing that during the suspension of this Article is hereby amended to be valid as follows:

"Article 119. Pricing for goods, works, services produced and sold by regulated market entities

1. State regulation of prices applies to goods, works, services of the regulated markets entities in railway transport, electricity and heat power, petroleum products production, oil transportation, civil aviation, port activities, telecommunications and postal services, as well as gas, taking into account the features established by the Law of the Republic of Kazakhstan "On Gas and Gas supply".

Authorized body, responsible for managing natural monopolies and regulated markets, approves the list of goods, works and services of regulated markets entities, which are subject to state regulation of prices.

2. As a temporary measure for a certain period on the territory of the Republic of Kazakhstan, in the order determined by the anti-monopoly authority, state price regulation may be introduced in certain commodity markets and (or) for goods (works, services) of individual market entities.

General term of application of state price regulation stipulated by this Article may not exceed one hundred and eighty calendar days within one year.

3. Pricing for goods, works, services produced and sold by the regulated market entities shall be carried out in accordance with the legislation of the Republic of Kazakhstan concerning natural monopolies and regulated markets by setting the maximum price."

10. Suspend until January 1, 2017 the effect of paragraph 2 of Article 122 of this Code, establishing that during the suspension of this paragraph is hereby amended to be valid as follows:

"2. 2. Authorized body in petroleum products production as agreed with the authorized body, exercising leadership concerning natural monopolies, in the manner, approved by the authorized body in petroleum products production, shall establish maximum prices for petroleum products retail sales, for which state price regulation is established.

11. Suspend until January 1, 2017 the effect of sub-paragraph 54) of Article 138 of this Code, establishing that during the suspension of this sub-paragraph is hereby amended to be valid as follows:

"54) return of taxes and other mandatory payments to the budget, and also completeness and timely transfer of obligatory pension contributions, mandatory professional pension contributions to the unified accumulative pension Fund and social contributions to the State social insurance Fund;"

12. Suspend until January 1, 2017 the validity of paragraph 3 of Article 193 of this Code, establishing that during the suspension of this paragraph is hereby amended to be valid as follows:

1) from January 1, 2016 to March 1, 2016:

"3. Implementation of the exclusive right is carried out by creating a state monopoly entity. State monopoly entities can be only the state enterprise created by the Government of the Republic of Kazakhstan or local executive bodies of regions, cities of republican status, the capital by the decision of the Government of the Republic of Kazakhstan.";

2) from March 1, 2016 to January 1, 2017:

"3. Implementation of the exclusive right is carried out by creating a state monopoly entity. Only a state enterprise created by the Government of the Republic of Kazakhstan or local executive bodies of regions, cities of republican status, the capital by decision of the Government of the Republic of Kazakhstan can be a state monopoly entity, with the exception of the State Corporation "Government for Citizens.".

13. Suspend for the period from March 1, 2016 to January 1, 2017 the effect of part two of paragraph 4 of Article 193 of this Code, establishing that during the period of suspension, this part is hereby amended to be valid as follows:

"Restrictions provided for in sub-paragraphs 1) and 2) of part one of this paragraph shall not apply to the State Corporation "Government for citizens".

14. Suspend until January 1, 2017 the effect of sub-paragraph 1) of paragraph 2 of Article 241 of this Code, establishing that during the suspension of this sub-paragraph is hereby amended to be valid as follows:

"1) in the manner and on the terms provided by legislation of the Republic of Kazakhstan, excused from payment for connected power in electrical energy, heat-, water supply and sewerage using the laws of the Republic of Kazakhstan concerning natural monopolies and regulated markets;

15. Declare to be no longer in force:

1) Law of the Republic of Kazakhstan dated March 31, 1998 "On farming enterprise" (Statements of the Parliament of the Republic of Kazakhstan, 1998, No. 2-3, Art. 26; 2001, No . 24, Art. 338; 2003, No. 1-2, Art. 6; No. 4, Art. 26; No. 24, Art. 178; 2006, No. 1, Art. 5; No.

15, Art. 95; 2007, No. 9, Art. 67; No. 15, Art. 106; No. 18, Art. 143; 2008, No. 24, Art. 129; 2009, No. 15-16, Art. 76; 2010 No. 5 Art. 23; 2011, No. 6, Art. 49; 2013, No. 14, Art. 72; 2014 No. 21, Art. 122);

2) Law of the Republic of Kazakhstan "On Investments" dated January 8, 2003 (Statements of the Parliament of the Republic of Kazakhstan, 2003, No. 1-2, Art. 4; 2005, No. 9, Art. 26; 2006, No. 3, Art. 22; 2007, No. 4, Art. 28; 2008, No. 15-16, Art. 64; No. 23, Art. 114; 2009, No. 2-3, Art. 18; 2010, No. 5, Art. 23; 2012, No. 2, Art. 11; No. 6, Art. 46; No. 15, Art. 97; No. 21-22, Art. 124; 2013, No. 15, Art. 82; 2014, No. 11, Art. 64; No. 21, Art. 122; No. 23, Art. 143);

3) Law of the Republic of Kazakhstan "On Private Entrepreneurship" dated January 31, 2006 (Statements of the Parliament of the Republic of Kazakhstan, 2006, No. 3, Art. 21; No. 16, Art. 99; No. 23, Art. 141; 2007, No. 2, Art. 18; No. 3, Art. 20; No. 17, Art. 136; 2008, No. 13-14, Art. 57, 58; No.15-16, Art. 60; No. 23, Art. 114; No. 24, Art. 128, 129; 2009, No. 2-3, Art. 18, 21; No. 9-10, Art. 47, 48; No. 11-12, Art. 54; No. 15-16, Art. 74, 77; No. 17, Art. 82; No.18, Art. 84, 86; No. 19, Art. 88; No. 23, Art. 97; No. 24, Art. 125, 134; 2010, No. 5, Art. 23; No. 7, Art. 29; No.15, Art. 71; No. 22, Art. 128; No. 24, Art. 149; 2011, No. 1, Art. 2; No. 2, Art. 26; No. 6, Art. 49; No. 11, Art. 102; 2012, No. 15, Art. 97; No. 20, Art. 121; No. 21-22, Art. 124; 2013, No. 1, Art. 3; No. 5-6, Art. 30; No. 14, Art. 75; No. 15, Art. 81; No. 21-22, Art. 115; 2014, No. 1, Art. 4; No. 4-5, Art. 24; No. 10, Art. 52; No. 14, Art. 84; No. 16, Art. 90; No. 19-I, 19-II, Art. 94, 96; No. 21, Art. 122; No. 22, Art. 131; No. 23, Art. 143; 2015, No. 8, Art. 42; No. 11, Art. 52);

4) Law of the Republic of Kazakhstan "On Competition" dated December 25, 2008 (Statements of the Parliament of the Republic of Kazakhstan, 2008, No. 24, Art. 125; 2009, No. 15-16, Art. 74; 2010, No. 5, Art. 23; 2011, No. 6, Art. 50; No. 11, Art. 102; No. 12, Art. 111; 2012, No. 13, Art. 91; No. 14, Art. 95; No. 15, Art. 97; 2013, No. 4, Art. 21; No. 10-11, Art. 56; No. 14, Art. 72; 2014, No. 1, Art. 4; No. 4-5, Art. 24; No. 14, Art. 84; No. 19-I, 19-II, Art. 96; No. 21, Art. 122; No. 23, Art. 143; 2015, No. 8, Art. 42; No. 9, Art. 46);

5) Law of the Republic of Kazakhstan "On the State control and supervision in the Republic of Kazakhstan" dated January 6, 2011 (Statements of the Parliament of the Republic of Kazakhstan, 2011, No. 1, Art. 1; No. 2, Art. 26; No. 11, Art. 102; No.15, Art. 120; 2012, No. 1, Art. 5; No. 2, Art. 9, 14; No. 3, Art. 21, 25, 27; No. 8, Art. 64; No. 10, Art. 77; No. 11, Art. 80; No. 13, Art. 91; No.14, Art. 92, 95; No. 15, Art. 97; No. 20, Art. 121; No. 23-24, Art. 125; 2013, No. 2, Art. 11; No.10-11, Art. 56; No. 14, Art. 72; No. 16, Art. 83; No. 21-22, Art. 115; No. 23-24, Art. 116; 2014, No. 4-5, Art. 24; No. 7, Art. 37; No. 8, Art. 49; No.10, Art. 52; No. 11, Art. 61, 67; No. 14, Art. 84; No. 16, Art. 90; No. 19-I, 19-II, Art. 96; No. 21, Art. 122; No. 23, Art. 143; No. 24, Art. 144; 2015, No.9, Art. 46);

6) Law of the Republic of Kazakhstan dated January 9, 2012 "On State support of industrial and innovative activity" (Statements of the Parliament of the Republic of

Kazakhstan, 2012, No. 2, Art. 10; No.14, Art. 92; 2013, No. 9, Art. 51; No. 14, Art. 75; No. 15, Art. 81; 2014, No.1, Art. 4; No. 11, Art. 63; No. 19-I, 19-II, Art. 96).

President of the Republic of Kazakhstan

N. NAZARBAYEV

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