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| NLC "Karaganda Technical University" | Regulation on Representation Costs | KTU IDR II-05-2021 Version 02 Date 2021.09.20 Page 1 out of 10 |
|--------------------------------------|------------------------------------|---|



Approved by
Chairman of the Management Board
- Rector of NLC KTU
M.K. Ibatov

Decision of the Academic Council
No. 3 « 11 » 10 2022

REGULATION

ON PETTY CASH

KTU IDR II - 05-2021

Developed by: Dryn V.M.

Karaganda

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| NLC “Karaganda Technical University | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 2 out of 10 |
|-------------------------------------|---|---|

Table of Contents

| | | |
|---|--|----|
| 1 | Scope | 3 |
| 2 | General provisions on representation costs | 3 |
| 3 | Standards for the maximum size of representation costs and their rationale | 4 |
| 4 | Procedure for receiving and using funds, registration and reflection in the report | 5 |
| 5 | Amendments to the Regulation | 6 |
| | Appendices A Coordination sheet | 7 |
| | Appendices B Familiarization sheet | 8 |
| | Appendices C Distribution sheet | 9 |
| | Bibliography | 10 |

| | | |
|-------------------------------------|---|---|
| NLC "Karaganda Technical University | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 3 out of 10 |
|-------------------------------------|---|---|

Effective date 2021.10.11
(year, month, date)

1 Scope

This Regulation on representation costs (hereinafter referred to as Regulation) of NLC "Karaganda Technical University" (hereinafter referred to as University) has been developed in accordance with the Tax Code of the Republic of Kazakhstan in order to regulate the procedure for proper registration, write-off of representation costs and their accounting for tax purposes.

The Regulation substantiates and details the formation procedure, the structure of costs, reporting and planning of representation events related to the receiving and servicing official representatives of other organizations including foreign ones.

The main purpose of such costs is to ensure activities for establishing cooperation between the University and other organizations, forming mutually beneficial relationships in the interests of KTU.

2 General provisions on representation costs

2.1 Representation costs include expenses for the receiving and servicing persons including individuals who are not in the taxpayers' staff, incurred during the following representation events, regardless of their location:

- 1) for establishing or maintaining mutual cooperation;
- 2) for organization and (or) holding meetings of the Board of Directors, other management body of the taxpayer, except for the executive bodies.

Representation expenses include among other things expenses for:

- 1) transport support for persons participating in representation events, with the exception of expenses attributed in accordance with subparagraph 1) of paragraph 1 of Article 244 of this Code to compensation for business trips;
- 2) food for such persons during representation events;
- 3) payment for services of interpreters who are not in the staff of the organization;
- 4) rent and (or) decoration of premises for representation events.

2.2 Expenses for accommodation of invited persons, visa processing for such persons, organization of leisure, entertainment, recreation, as well as expenses that are not attributed in accordance with part 2 of this paragraph to expenses for transport provision of persons participating in representation events.

Transportation costs do not include the cost of travel by rail, sea and air for participants in the representation event.

2.3 The grounds for the deduction of representation costs are as follows:

- 1) a written order of the taxpayer on holding a representation event indicating the purpose of its holding and the persons responsible for its holding;

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| | | |
|-------------------------------------|---|---|
| NLC "Karaganda Technical University | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 4 out of 10 |
|-------------------------------------|---|---|

- 2) an estimate of the costs of such an event approved by the taxpayer;
- 3) a report of the responsible persons on the performed representation event indicating the date and venue of the event, the results of the event held, the composition of the participants, the program of events, the actual expenses incurred;
- 4) primary and other documents confirming the grounds and implementation of representation costs.

2.4 Representation costs are deducted in the amount not exceeding 1 percent of the employer's expenses of the employee income subject to taxation specified in paragraph 1 of Article 322 of the Tax Code for the tax period.

3 Standards for the maximum size of representation costs and their rationale

3.1 The amount of funds for representation costs is formed in accordance with the planned estimate of the University representation costs for the current calendar year, which is an integral part of the estimate of income and expenses for extra-budgetary activities.

3.2 The grounds for the deduction of representation costs are as follows:

- 1) a written order of the taxpayer on holding an entertainment event, indicating the purpose of its holding and the persons responsible for its holding;
- 2) an estimate of the costs of such an event approved by the taxpayer;
- 3) a report of the responsible persons on the performed entertainment event, indicating the date and place of the event, the results of the event held, the composition of the participants, the program of events, the actual expenses incurred;
- 4) primary and other documents confirming the grounds and implementation of entertainment expenses.

3.3 Representation costs are deducted in an amount not exceeding 1 percent of the employer's expenses on employee income subject to taxation specified in paragraph 4 of Article 245 of the Tax Code of the Republic of Kazakhstan for the tax period.

3.4 During official lunches and dinners, the number of participants from the Republic of Kazakhstan should not exceed the number of participants from foreign delegations.

3.5 When delegations are composed of more than five people, the number of accompanying persons and interpreters serving the delegation (except for simultaneous translation) is determined at the rate of one interpreter or accompanying person for at least five members of the delegation.

3.6 Limit standards for representation costs are as follows:

| No. | Name | Cost in tenges |
|-----|---|----------------|
| 1 | Expenses for holding official lunches, dinners for delegations per person a day | to 4 MCI |
| 2 | The costs of holding official vows, dinners with the | to 6 MCI |

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|--------------------------------------|---|---|
| NLC "Karaganda Technical University" | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 5 out of 10 |
|--------------------------------------|---|---|

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|---|---|-------------------------------|
| | participation of foreign delegations at the "high level" and at the "high level" per person a day | |
| 3 | Expenses for holding official meetings, dinners with the participation of the President of the Republic of Kazakhstan, the Prime Minister of the Republic of Kazakhstan, the chairmen of the chambers of the Parliament of the Republic of Kazakhstan, the State Secretary of the Republic of Kazakhstan, the Deputy Prime Minister of the Republic of Kazakhstan, the Minister of Foreign Affairs of the Republic of Kazakhstan per person per day | to 15 MCI |
| 4 | Buffet service during negotiations, events, cultural programs per person a day | to 1 MCI |
| 5 | Buffet service during negotiations with the participation of foreign delegations at the "highest level" and at the "high level" per person a day | to 2 MCI |
| 6 | Payment for the work of an interpreter (except for simultaneous translation), who is not on the staff of the organization receiving the delegation, is made on the basis of hourly wages | to 1 MCI |
| 7 | Remuneration for the work of an interpreter (except for simultaneous translation), who is not on the staff of the organization hosting the delegation, with the participation of foreign delegations at the "highest level" and at the "high level" is made on the basis of hourly wages | to 2 MCI |
| 8 | Payment of transport costs for servicing delegations by road is provided on the basis of hourly payment: For cars For microbuses For buses | to 1 MCI 2 MCI 2 MCI |

4 Procedure for receiving and using funds, registration and reflection in the report

4.1 Before holding representation events related to representation costs, on the basis of the Chairman of the management Board, Rector of the University order, the Program of events approved by the Chairman of the Board, Rector is drawn up that specifies:

- 1) the names of the organizations - participants;
- 2) full name and the position of the person in charge of the event;
- 3) the number of official representatives of delegations;
- 4) the number of participants from the University;
- 5) the date of the event;
- 6) the venue;
- 7) the name of the planned events indicating the scheduled time of the event;
- 8) the source of funding.

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|-------------------------------------|---|---|
| NLC “Karaganda Technical University | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 6 out of 10 |
|-------------------------------------|---|---|

4.2 The approved program of the event is the basis for the submission of funds to the specified official to pay the representation costs, as well as to pay the invoice issued by the contractor.

4.3 Representation costs can be made both in cash and by the bank transfer.

4.4 At the end of the event, the official responsible for the event draws up an act confirming the actual expenses incurred, with attachment of primary documents to it. This act, with the relevant annexes, is submitted to the Commission to verify the legality of the representation costs implementation. After signing by the Commission, the act of representation costs is endorsed by the Chairman of the Management Board, Rector of the University, and transferred to the accounting department.

4.5 Within 3 days, a person who has received funds for representation events is obliged to submit an advance report of the established form to the accounting department of the University with supporting documents attached to it, or to pay unused funds to the cashier's office.

4.6 In case that services for the holding representation events were provided by third-party organizations, the person responsible for holding such an event shall submit a contract for the provision of these services signed in accordance with the procedure established by the University together with the program of events.

4.7 Capital expenditures associated with equipping the venue are not considered representation costs. The acquired material values are subject to accounting as a part of the property of the University.

5 Amendments to the Regulation

This Regulation can be amended or completed when changing laws and regulations governing the conditions for the formation and use of representation costs, as well as the appearance of new acts, additional costs that are not taken into account by this Regulation.

Appendix B (mandatory)

F.05-2020

Familiarization sheet

[illegible]

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| NLC “Karaganda Technical University | Regulation on Representation Costs | KTU IRD II-05-2021 Version 02 Date 2021.09.20 Page 10 out of 10 |
|-------------------------------------|---|--|

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