

Changes in Tax, Labor and Pension legislation

August 2018

Briefly

The Law on “Implementing changes and additions to legislation acts of Kazakhstan on social security issues” (#165-VI dated 02 July 2018) changes the tax, labour and pension legislation in relation to taxation of individuals with limited income, pension contributions on civil contracts and to maternity leave duration.

In details

I. Taxation of individuals with low level income

Effective 1 January 2019 if the individual’s income does not exceed 25 monthly calculation indexes (MCI), then 90% of such income is excluded from the taxable base of the individual (amended Article 341 of the Tax Code).

The projected MCI for 2019 is KZT 2,525 and therefore 25 MCI’s is KZT 63,125 (approx. USD 180).

II. Obligatory Pension Contributions (OPC) on Civil Contracts

Article 25 of the Pension Law is amended by including civil contractors into the list of payers of OPC.

Effective 14 July 2018, all civil contractors must pay OPC at 10%.

III. Duration of maternity leave (ML)

Article 99.2 of the Labor Code is amended for the following items:

- in case of complicated birth or birth of two or more children, maternity leave is 70 days before and 70 days after birth;

- for women living in areas affected by nuclear testing, the duration of ML is 90 days before and 79 days after birth, and 93 days after birth in complicated cases;
- differing durations of ML after birth for stillborn and neonatal deaths;
- on application for a temporary disability certificate in the period immediately following the birth, only ML after the birth is permissible.

Effective 14 July 2018, the above situations must be considered to determine ML.

What does this mean?

- I. Employees with low income (less than USD 180) are subject to an effective 1% PIT rate.
- II. An individual working under a civil contract must calculate and pay OPC at 10% to the Pension Fund.
- III. Various situations mentioned above impact ML.

Let's discuss

For a more detailed discussion of how this issue may affect your business, please contact:



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