



# Changes to the Labor and Tax Legislation of the Republic of Kazakhstan in 2023

## Contacts

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If you are interested in additional information, please contact us.

## Planned changes to the Kazakhstan Labor Code in 2023

### Briefly:

In autumn of 2022, a draft "On amendments and additions to certain legislative acts of the Republic of Kazakhstan on social protection issues" was published. The law is aimed to reform in the social sphere, the implementation of which requires amendments to the Labor Code.

### Proposed changes to the Labor Code include:

- the introduction of a new form of employment - "joint employment" where several employees are hired to one position;
- determination of hourly rates for joint employment;
- the possibility of implementing a four-day working week;
- change in the norms for the summarized accounting of working hours;
- amendments regarding exceptional cases for work on weekends and holidays, as well as in inter-shift rest without the consent of the employee;
- payment for stand-by time;
- on the maximum number of overtime hours and overtime work during a state of emergency;
- on exceptional cases of extension of rotational work during a state of emergency;
- changes in definition of "stand by" and "production necessity" work.

Currently these changes have not been adopted.



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## Draft of the new Social Code

### In details:

**Planned Effective Date:** 1<sup>st</sup> of July 2023

### The purpose:

- To unite all the current norms of legislation in the social sphere in one document.
- The New Social Code will replace the current laws on obligatory pension contributions (OPC) and social contributions (SC).

### Changes:

- individual entrepreneurs will calculate SC from actual income, the lower limit of 1 minimum wage is canceled;
- The Social Code introduces the payment by tax agents of SC under civil contracts;
- The employer is obliged to hire unemployed individuals from career centers, or reimburse the cost of their training;
- Massive training and advanced training of workers is planned;
- The Ministry of Labor and Social Protection plans to increase the sick leave payment limit from 15 to 25 MCI;
- Increasing paid maternity leave to 1.5 years;
- Abolishing the unified aggregate payment (UAP);
- where an individual provides services via certain internet application or website, the owner of such application/website will be acting as a "tax agent" and obliged to withhold "consolidated amount" which should replace the amounts of applicable taxes and social contributions;



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## Regulated rates set for 2023

### Briefly

- The minimum monthly wage is KZT 70 000;
- The minimum amount of the state basic pension payment is KZT 24 341;
- The minimum pension is KZT 53 076;
- Monthly calculation index for the calculation of benefits and other social payments, as well as the application of penalties, taxes and other payments – KZT 3 450;
- The subsistence minimum for calculating the size of basic social payments is KZT 40 567.

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## Unified payment from the wage fund

### In details:

**Effective from:** 1<sup>st</sup> January 2023

**For whom:** individual entrepreneurs and legal entities that operate on special tax regimes for micro and small businesses

### Rates:

- 2023 - 20%,
- 2024 – 21,5%,
- 2025 – 23,8%,
- 2026 – 24,8%,
- 2027 – 25,8%,
- 2028 – 26,3%.

**What is included:** individual income tax, obligatory pension contributions from employees, obligatory pension contributions from employers, social contributions and contributions for obligatory social medical insurance.

## Are you interested in this topic?

We would be pleased to discuss with you the above amendments and how they may impact your business.

If you are interested in getting additional information, please contact PwC specialists working as part of a group serving your company, or to any of the persons listed here.