

Doing Business in Kazakhstan



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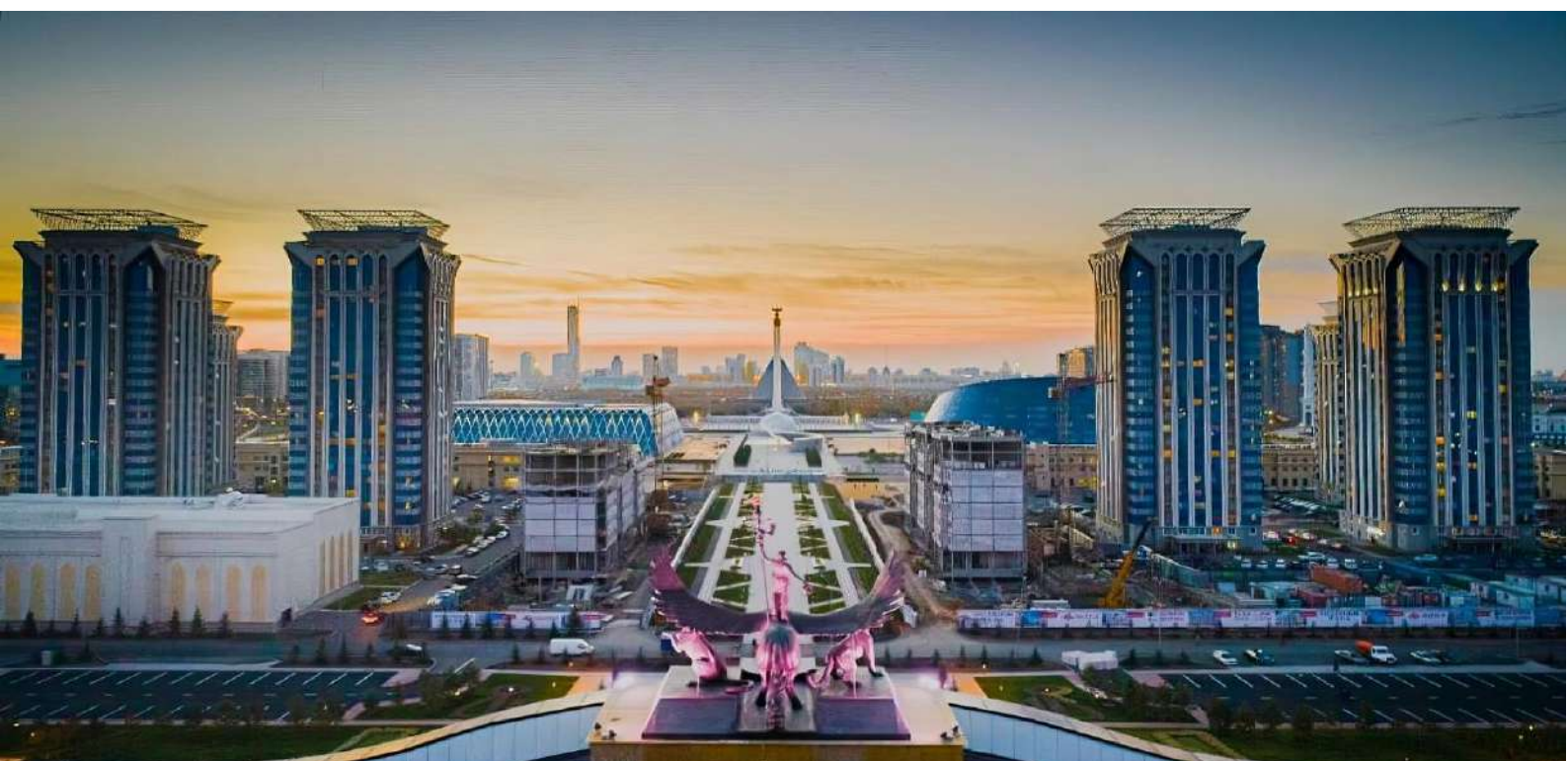
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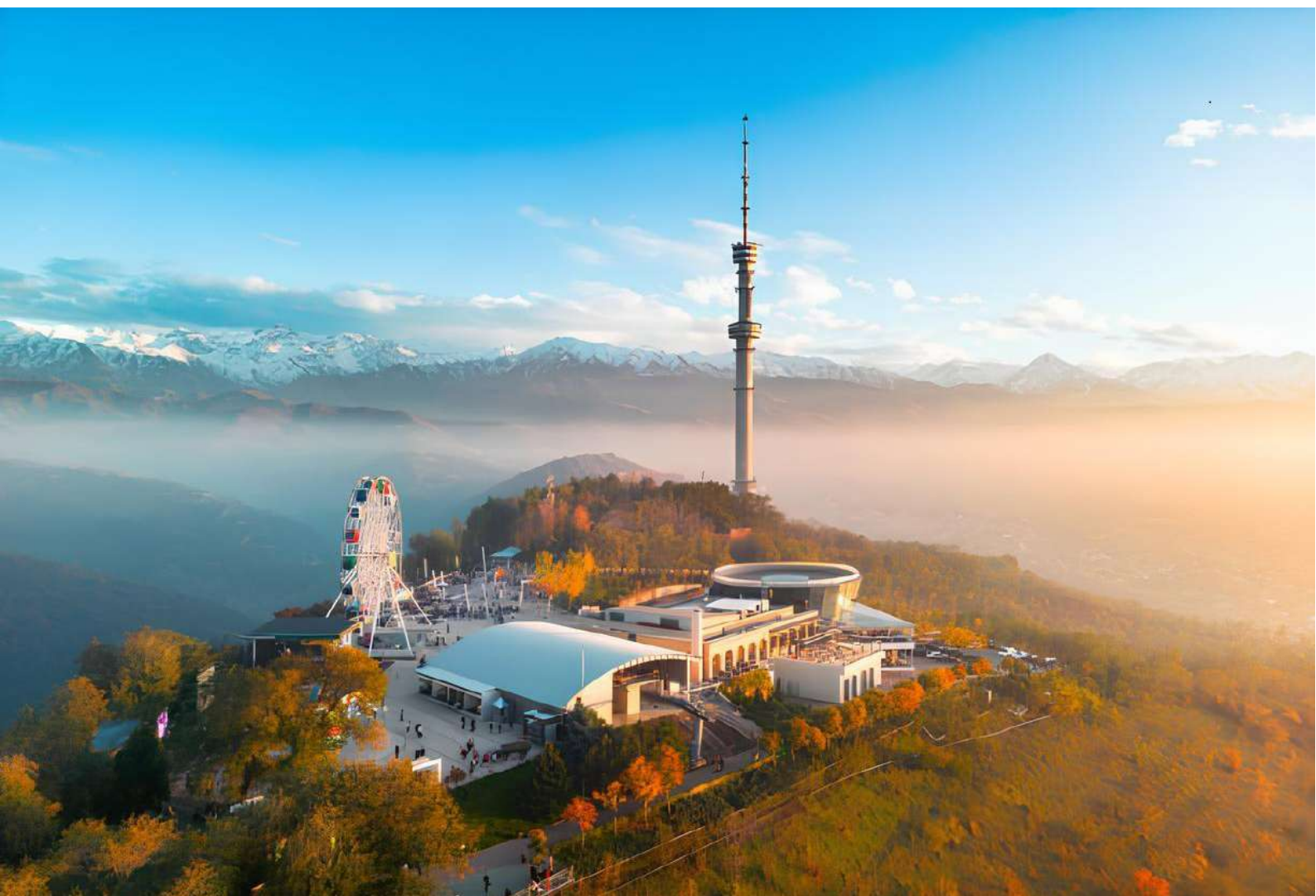
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Foreword

The guide «Doing Business in Kazakhstan» aims to provide a solid background to the country, practical information about the nature of the business environment, and advice on establishing a successful business presence in Kazakhstan. The Guide offers an inclusive overview of the key aspects of entrepreneurial activity in Kazakhstan, highlighting the main tax, accounting and legal norms of the country. This material serves as a general guideline for understanding business processes, but it does not pretend to be a complete and detailed description of all the information that enterprises or organizations may need. This guide should not be considered as the only basis for making decisions related to legislation of Kazakhstan. The legislation is regularly updated, and it is strongly recommended to obtain individual professional advice from PKF Kazakhstan specialists before making any decisions or actions related to investments or doing business in Kazakhstan.



PKF Kazakhstan

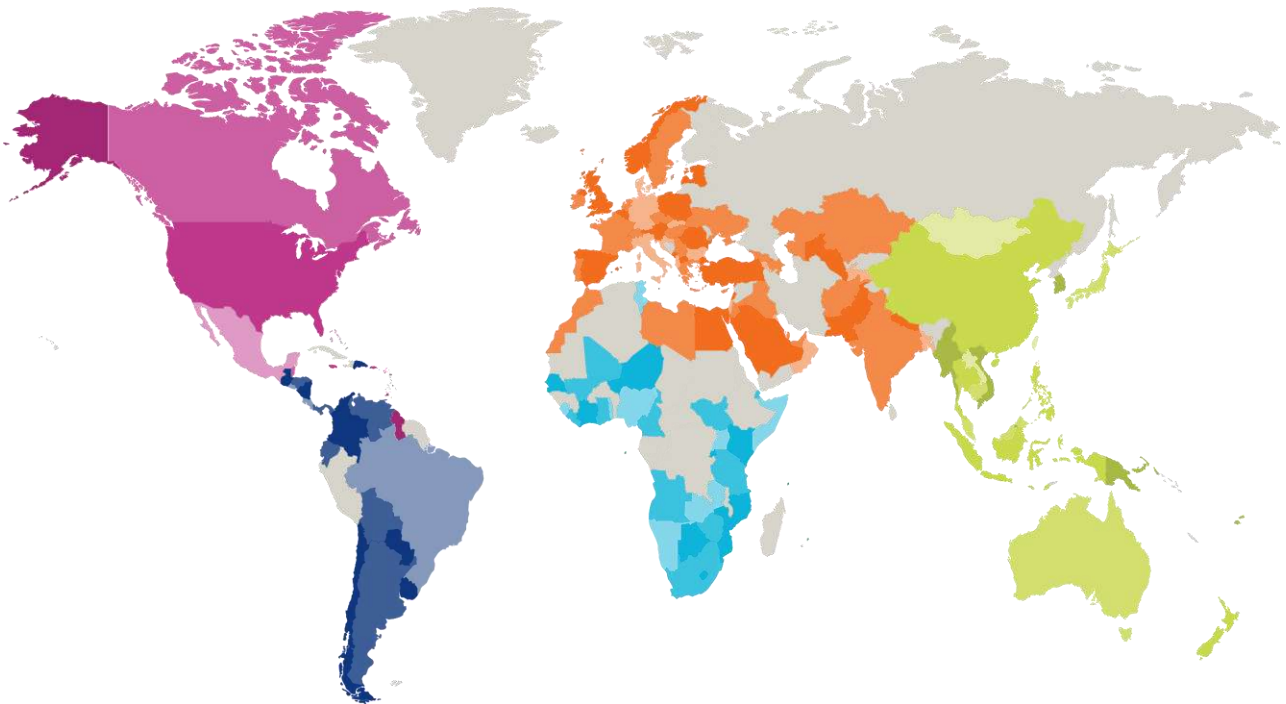
PKF Kazakhstan is part of the PKF International network established in 1969 which unites more than 23,000 professionals working in 513+ offices located in 150 countries worldwide. Aggregate fee income of 214 firms within PKF International network is \$2 billion.

The team of PKF Kazakhstan is distinguished by efficiency combined with high quality service in accordance with international standards and practices, including the standards of the PKF International network. We provide professional services tailored to the needs of business in the field of audit, tax consulting, law, business solutions, transfer pricing and property valuation.

Our qualified specialists have experience of working in international companies and deserved a reputation of experts in corresponding areas. Our specialists obtain all the necessary licenses, permits and accreditations confirming a high level of our qualification. We constantly invest in training and professional development of our employees. The availability of qualified personnel allows us to solve the complex projects successfully. The process of providing services and their result are always supervised by a partner having many years of experience.

PKF Kazakhstan is focused on building long-term relationships based on a teamwork and a deep understanding of needs of our clients. We understand the expectations of our clients and recognize our responsibility in full.

We act together, sharing diverse ideas, niche expertise, specialist resources and deep relationships for everyone's benefit.



Overview

Geographic Location

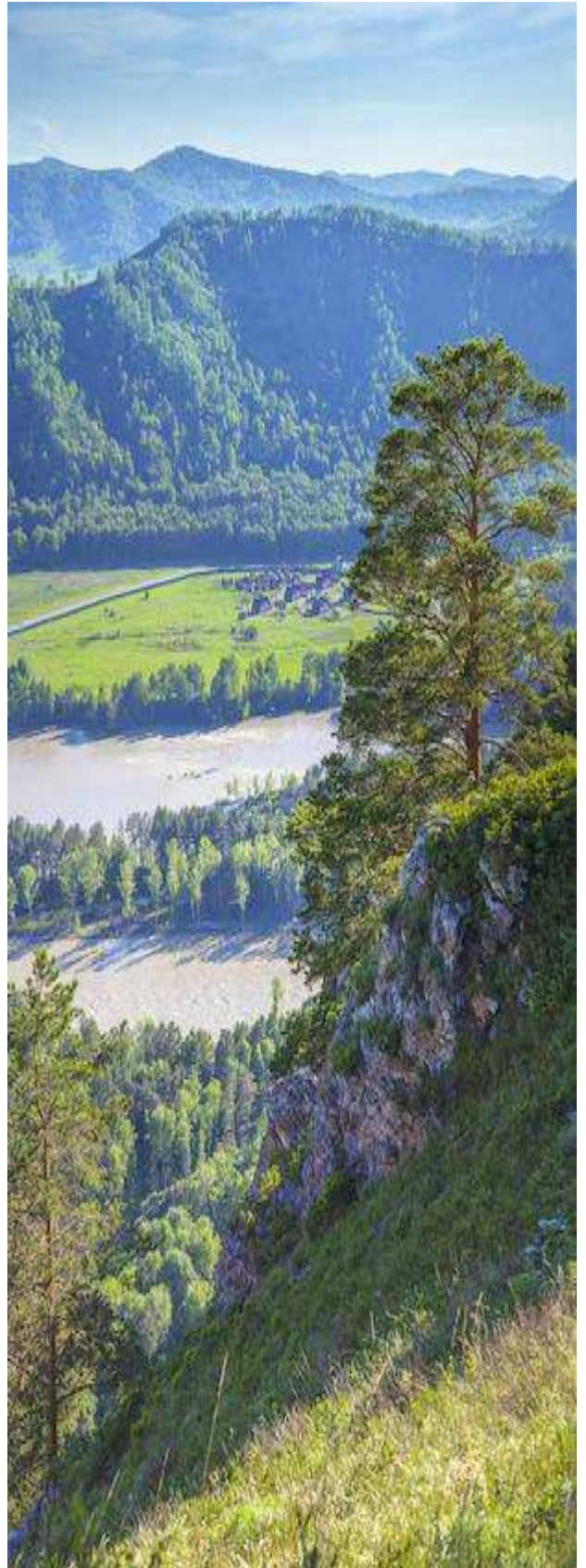
Kazakhstan is the largest country in Central Asia, which occupies a strategic position between Europe and Asia, borders Russia, China and the countries of Central Asia, and has access to the Caspian Sea. This makes the country a key transport and logistics hub in Eurasia, through which important international trade routes pass, including the modern Silk Road. Kazakhstan is rich in natural resources such as oil, gas, uranium and metals, which ensures its high export potential. Participation in the Eurasian Economic Union (EAEU) provides access to major regional markets, and a favorable investment climate and stable legislation make Kazakhstan attractive for doing business.

Time Zone

Kazakhstan operates in UTC+5 time zone. The country does not switch to daylight saving time, and the clocks remain unchanged throughout the year, providing stability and convenience for business and daily life.

Climate

The climate of Kazakhstan is sharply continental, characterized by hot summers, cold winters and low rainfall. Spring and autumn are short but pleasant, with mild weather. Precipitation falls irregularly, mainly in spring and autumn, while the southern regions are prone to droughts. Snowstorms and snowfalls are possible in winter, especially in the northern and mountainous regions. This climate favours the cultivation of wheat, barley and oilseeds, which occupy an important place in Kazakhstan's agriculture.



History

The history of Kazakhstan dates back to ancient times, when its territories were inhabited by nomadic tribes who played a key role in the development of trade and cultural exchange on the Great Silk Road, which connected East and West. In the late 15th and early 16th centuries, the unification of nomadic tribes led to the creation of the Kazakh Khanate, which became the most important stage in the formation of the Kazakh ethnic and cultural identity.

In the 18th and 19th centuries, the incorporation of the Khanate into the Russian Empire paved the way for modernization and integration into a broader economic and political context. After the October Revolution, Kazakhstan became part of the Soviet Union and in 1936 received the status of the Kazakh Soviet Socialist Republic, which contributed to the further development of infrastructure and industrialization.

On October 25, 1990, the declaration of independence laid the foundation for the country's sovereign development, and on December 16, 1991, Kazakhstan officially became an independent state, establishing its role as a strategically important center of Central Asia.

Economy

Kazakhstan's economy is based on rich natural resources, including oil, natural gas, coal, metals and uranium, which form the basis of exports. The oil and gas sector and the mining industry are developing, attracting significant foreign investment. The service sector is actively developing, including finance and transport, as well as agriculture, which provides grain and livestock products.

Privatization since the 1990s has transferred most of the enterprises to private ownership, and economic reforms have facilitated the transition to a market economy. Since 1999, there has been steady GDP growth, which amounted to 4.9% in 2023 and 4.4% in 2024. To diversify the economy, Kazakhstan is creating investment support institutions and developing non-resource sectors. The main imports include machinery, equipment and vehicles.

Political and Legal System

The Republic of Kazakhstan is a unitary state with a presidential form of government. According to the Constitution, the country asserts itself as a democratic, secular, legal and social state, the highest values of which are man, his life, rights and freedoms.

Kazakhstan's legal system is based on the 1995 Constitution, which establishes a democratic republic with separation of powers. Legislative power belongs to the Parliament, which consists of two chambers: the Senate and the Mazhilis, while executive power is exercised by the Government headed by the Prime Minister. The President of Kazakhstan is the head of State and plays a key role in ensuring the unity of government and stability of the country.

The judicial power in Kazakhstan is based on the principles of justice, equality of the parties before the law and the court, as well as ensuring human rights and freedoms. The judicial system includes the Supreme Court and local, specialized courts that operate independently.

Currency

The official currency in Kazakhstan is tenge (₸, KZT).

The tenge-US dollar exchange rate has shown significant volatility due to changes in commodity markets and global economic instability. At the beginning of 2025, the exchange rate was about 530 tenge per dollar, but remained subject to fluctuations throughout the year.

Similarly, the tenge-euro exchange rate also fluctuated under the influence of external factors, including global inflation and pressure on energy prices.

The National Bank of Kazakhstan («NBK») conducts an independent monetary policy. The base rate is adjusted to control inflation and maintain financial stability.

The national currency of Kazakhstan is freely traded within the country, but there are certain restrictions on the import and export of foreign currency. Transactions in foreign currency between residents are prohibited, with rare exceptions, while transactions between residents and non-residents are allowed to be carried out in any currency.

Establishing a Business Entity

For doing business in Kazakhstan, foreign investors can do one of the following:

- Open a branch or representative office;
- Establish a fully foreign-owned Kazakhstani legal entity or a joint venture with a Kazakhstani partner.

Representative offices and branches of foreign legal entities

Foreign entrepreneurs may establish branch offices or representative offices to operate in Kazakhstan:

- Representative offices are designed to represent the interests of foreign companies. They have no right to engage in entrepreneurial activities that generate income. Their functions are limited to marketing, advertising, and preparatory or support activities.
- Branches can perform all or part of the functions of the parent company, including income-generating activities.

Both forms operate on the basis of internal «Regulations» (similar to the Charter) and are managed by a sole executive appointed by the parent company through a corporate decision and a power of attorney.

To operate in Kazakhstan, representative offices and branches must be registered in the competent governmental agency.

Company set up

Kazakhstani legislation provides for the following number of organizational and legal forms for commercial organizations:

- General partnerships;
- Limited partnerships;
- Limited liability partnerships (LLPs);
- Additional liability partnerships;
- Joint-stock companies.

In practice, local entrepreneurs and foreign investors mainly prefer a limited liability partnership (LLP) or a joint-stock company (JSC).

Limited Liability Partnership (LLP)

LLP is one of the most popular forms of doing business in Kazakhstan. It can be created by both individuals and companies. An LLP is considered an independent legal entity, separate from its founders, and is responsible only for its assets. This form is available for most types of businesses, with the exception of specific areas such as banking and insurance, where the creation of joint-stock companies is mandatorily required.

The authorized capital of an LLP is divided into shares of participation, which are not securities and are regulated by the constituent documents. The members of the LLP bear the risk of losses only within the limits of their contributions, without incurring direct liability for the company's obligations. For small businesses, the capital required minimum is not established (i.e., the authorized capital may be zero). For medium and large businesses the required minimum of the authorized capital of an LLP is at least 100 monthly calculation index (MCI). *Note: 1 MCI is about 8 US dollars.*

The number of participants in an LLP is unlimited, and it can be established by one person, except in cases where the only participant is another partnership consisting of one person. When selling a share in an LLP, other participants have a preferential right to buy it out at the price offered to a third party.

The general meeting of participants is the highest body of the LLP. The LLP is required to hold a general meeting annually, within three months after the end of each financial year. If there is only one participant, it must perform the functions of the general meeting by making written decisions. The main and the most important decisions regarding the activity of an LLP fall within the exclusive competence of the general meeting of participants. Additionally, it may consider any matter relating to the LLP or cancel any decision of lower corporate bodies on matters relating to the LLP's internal matters. The decisions of the general meeting are binding on all participants and management bodies of the LLP.

In addition, an LLP must have an executive body (collective or individual) responsible for managing its day-to-day operations. The executive body acts on behalf of the LLP without a power of attorney, unless otherwise provided by the charter.

There may also be a supervisory board to oversee and control the activities of the executive body.

The executive body is obliged to ensure the implementation of the decisions of the general meeting within the established timeframe.

An LLP must be registered with the competent governmental agency.



Joint-Stock Company (JSC)

A joint-stock company (JSC) is a legal entity whose authorized capital is divided into shares certifying the rights of shareholders. A JSC may have an unlimited number of shareholders. JSC shares can be freely transferred to other persons by appropriate registration within the depositary.

JSC is regulated by the Civil Code and the Law on Joint-Stock Companies. Since the shares of a JSC are considered as «securities» for the purposes of Kazakhstan's securities legislation, JSC is subject to various additional requirements of the securities legislation that do not apply to the LLP.

JSC may issue common and preferred shares. The share of preferred shares may not exceed 25% of the authorized capital of a JSC. An ordinary share gives a shareholder the right to participate in the general meeting of shareholders and receive dividends and part of the assets of the JSC in the event of its liquidation. Owners of preferred shares have a pre-emptive right to receive dividends over holders of ordinary shares at a pre-determined guaranteed rate and the right to a portion of the assets of the JSC remaining after liquidation.

However, commonly, owners of preferred shares cannot vote at general meetings of shareholders. With some limited exceptions, the founders of a JSC may issue a «golden share». The owner of the golden share does not participate in the formation of the share capital and does not receive dividends. However, the owner of the golden share has the right to veto decisions on certain issues specified in the charter of the JSC. Besides, JSC can issue bonds, warrants, options and other types of derivative securities.

The minimum authorized capital of the JSC is at least 50 000 MCI, which must be paid in full within 30 days of the state registration of the JSC.

The general meeting of shareholders is the supreme governing body of a JSC and shall be held at least once a year, within five months of the end of each financial year. The current operations of a JSC are governed by the executive body. The executive body can be sole or collective. Besides, an internal audit service can be created in the JSC by decision of the shareholders.

The JSC must be registered as a legal entity in the Department of Justice at the location of the JSC. After the registration of the JSC, it is necessary to issue shares of the company in the National Bank.

AIFC

The Astana International Financial Center (AIFC) is a financial hub established in Kazakhstan to stimulate investment, attract international capital and develop financial technologies. Founded in 2018, the AIFC is located in the capital of Kazakhstan – Astana and operates on the basis of a special legal regime focused on international standards and best practices. It is based on the principles of English common law, and the independent AIFC Court and the International Arbitration Center ensure transparent and fair dispute resolution, which increases the confidence of foreign and local investors.

The AIFC's key areas of activity include the development of capital markets, Islamic finance, asset management, private banking, innovative technologies (fintech), and sustainable development. The AIFC provides tax benefits such as exemption from corporate tax, VAT and individual income tax on certain types of income for up to 50 years. The center's participants benefit from simplified currency regulation, a special visa regime for foreigners and stateless persons, and a flexible regulatory approach, especially for companies involved in financial technologies and activities not traditional in Kazakhstan, which makes the AIFC an attractive jurisdiction for international business.



Types of companies in AIFC

In the AIFC, a new legal entity may be created in the following organizational and legal forms:

- Private Company;
- Public Company;
- Investment Company;
- Restricted Scope Company;
- Special Purpose Company;
- Protected Cell Company;
- Limited Partnership;
- General Partnership;
- Limited Liability Partnership;
- Foundation;
- Non-Profit Incorporated Organization.

As at the date of the guide availability, the total number of entities incorporated in the AIFC is about 3.5 thousand. Private Company is the most commonly used form of business organization.

Private Company

A Private Company is a limited liability company whose liability is limited to the amount (if any) remaining unpaid on shares owned by the shareholder. The main requirements for a Private Company are:

- A Private Company cannot trade with its shares on the public market;
- Must have at least 1 founder - may be an individual or a legal entity;
- The company name must contain the word «Limited» or the abbreviation «Ltd.»;
- Has no minimum authorized capital requirements;
- Must have at least 1 Director - only an individual;
- Must carry out its main activities on the territory of the AIFC in Astana.

To register a Private Company in the AIFC, founders must prepare the constituent documents (charter, contract), an application through the AIFC digital platform, copies of the founders' documents (passport or registration data for legal entities) and pay the registration fee (300 USD). After submitting the application through the digital platform and verifying it, a certificate of registration is issued. Next, the company can open a bank account, register with the tax authorities (if required), and set up internal corporate procedures.

A Private Company in the AIFC is ideal for small and medium-sized businesses, start-ups, as well as for international investors who want to do business in Kazakhstan in a comfortable and protected legal environment.

Accounting

Accounting and reporting requirements for companies in Kazakhstan are regulated by the Law on Accounting and Financial Reporting and relevant regulations. The Law establishes rules for accounting, preparation and provision of financial statements, as well as mandatory auditing for certain categories of organizations. It is harmonized with international standards, including International Financial Reporting Standards (IFRS), which are required to be applied by public companies, financial organizations and other entities of public interest. At the same time, small businesses can keep records using a simplified system. Certain sectors, such as banking and insurance, are subject to additional requirements. Violation of the requirements may result in administrative sanctions.

Accounting Principles

The accounting principles in Kazakhstan established by the Law on Accounting and Financial Reporting are based on key international approaches and include principles such as business continuity, completeness, prudence, priority of content over form, consistency and rationality. These principles require reliable and timely reflection of all business transactions, compliance of accounting policies with the nature of the company's activities and ensuring comparability of reporting data. Financial statements should present transactions in a gross form, adjustments for past periods are indicated separately. These approaches ensure transparency and reliability of financial information.

Bookkeeping

The bookkeeping in Kazakhstan is regulated by the Law on Accounting and Financial Reporting and include the following key aspects:

- Language: Accounting is conducted in the official or Russian language.
- Principles: Accounting should be based on the principles of reliability, completeness, prudence, priority of content over form, consistency and continuity.
- Method: All legal entities are required to apply the double entry method, reflecting each transaction in the debit and credit of the respective accounts. Simplified accounting is provided for small businesses.
- Currency: The main accounting currency is the Kazakhstani tenge, but companies operating under IFRS may use a functional currency (for example, US dollars or euros).
- Documentary confirmation: All transactions must be confirmed by primary accounting documents that are compiled at the time of the transaction or immediately after it.
- Policy: Each company is required to develop an accounting policy that takes into account the specifics of its activities and approves it at the management level.
- Document storage: Accounting documents are subject to mandatory storage within the time limits established by law (at least 5 years).
- Financial statements: Companies are required to prepare financial statements on time, including a balance sheet, income statement, and other forms required by law.
- Responsibility: The chief accountant or other authorized person is responsible for accounting, and in their absence, the head of the organization.

These rules are aimed at ensuring transparency, reliability and completeness of information about the company's business activities.

Financial Reporting

Entities in Kazakhstan are required to prepare financial statements at the end of each reporting year in the functional currency specified in the constituent documents. Financial statements should reliably reflect the activities of the organization and include:

- a balance sheet that reflects the financial condition of an enterprise as of a certain date;
- a profit and loss statement that provides information on income, expenses and financial results for the reporting period;
- a cash flow statement that demonstrates cash flows from operating, investing and financing activities;
- a statement of changes in equity that reflects changes in the structure of equity capital;
- an explanatory note containing additional information and disclosures necessary for a full understanding of the financial statements.

All types of financial statements are prepared in accordance with the legislation and international standards.

Financial Reporting under IFRS

- **Requirements:** Companies whose securities are traded on public markets, as well as organizations subject to special regulations (for example, banks, insurance companies, investment funds), are required to prepare annual financial statements in accordance with IFRS.
- **Preparation and notification:** Organizations planning to apply IFRS should prepare an audit report and notify the tax authorities of Kazakhstan, as well as, if necessary, the National Bank of the Republic of Kazakhstan before adopting IFRS.
- **Transition disclosures:** First-time adopters are required to disclose the impact of the transition on their financial statements, including adjustments and accounting policies used for the transition.

Organizations preparing consolidated financial statements are required to additionally disclose intra-group transactions and provide information beyond the basic requirements of IFRS.

Kazakhstani companies must submit and publish annual financial statements together with the auditor's report within the established time frame. Consolidated financial statements are provided at a later date, taking into account the specifics of the group. Companies of public interest (for example, financial institutions and public companies) are required to publish their reports in the public domain, for example, on their websites or through special information systems. Branches of foreign companies must provide a translation of their parent company's financial statements into the official language, observing the established deadlines.

Audit Requirement

Audit requirements in Kazakhstan are regulated by the Law on Auditing Activities and provide for mandatory auditing for certain categories of organizations. These include large enterprises, banks, insurance companies, investment funds, joint-stock companies, state-owned enterprises and other entities whose activities are related to public interests or regulated by special regulations.

The main purpose of the audit is to independently verify the reliability of financial statements and their compliance with legislation and IFRS. The audit should be conducted by certified auditing organizations that have a license to carry out such activities issued by the relevant government agencies.

Companies subject to audit are required to submit their financial statements within the time limits prescribed by law for analysis and evaluation by auditors. The result of the audit is an auditor's report, which expresses an opinion on the reliability of the financial statements and compliance with accounting standards.

In addition to mandatory audits, companies can conduct proactive audits for internal control, risk assessment, and increased trust from investors and partners. Organizations adopting international accounting standards for the first time are required to provide an audit opinion on the initial balance sheet prepared in accordance with IFRS.

Violation of audit or reporting requirements may result in administrative fines and other sanctions provided for by the legislation of Kazakhstan.



Property rights

Kazakhstan has favorable conditions for the ownership and use of real estate by foreign citizens and legal entities, but there are certain restrictions depending on the category of objects and their purpose and regulated by legislation, including the Land Code, Civil Code and other regulations.

According to Article 9 of the Law on the legal status of foreigners, foreigners permanently residing in Kazakhstan, who have received a residence permit, may own residential premises and other property in the Republic of Kazakhstan.

The legislation of the Republic of Kazakhstan does not contain restrictions on the acquisition by foreigners of non-residential real estate (buildings, structures, premises, offices, shops, etc.), regardless of whether the foreigner is a permanent resident or a temporary resident.

Foreigners have the right to inherit real estate and any other property, regardless of whether they live in Kazakhstan or not. However, a foreigner, who does not have a residence permit, is obliged to sell and transfer the property within one year from the date of property ownership.

A non-resident legal entity has the right to purchase real estate in the territory of the Kazakhstan, including industrial and non-industrial buildings, residential premises. The restriction is made only for objects located on lands, the sale of which is prohibited to non-resident legal entities (in the border area).

Rights to real estate, including rights to use/lease property for a period equal to or exceeding one year, and related transactions must be registered with the applicable registration authority.

Land ownership

According to the Land Code, land plots may be privately owned by foreign citizens, stateless persons and foreign legal entities (non-governmental) only for the following purposes:

- under construction or built up with industrial and non-industrial, including residential, buildings (structures, structures) and their complexes;
- lands intended for the maintenance of buildings (structures, structures) in accordance with their purpose.

There are no obstacles for a foreigner (permanent or temporary resident) to acquire ownership of real estate and land plots for above-mentioned purposes.

At the same time, the Land Code stipulates restrictions on land ownership for some land category:

- lands for commercial agricultural production;
- land plots located in the border zones etc.

The land ownership rights and rights to use land (rent) for a period of one year or more must be registered with the competent governmental body. The property rights come into force only after their state registration.

Labour

The labor legislation of Kazakhstan is regulated by the Labor Code, which defines the basic rights and obligations of employees and employers, as well as regulates issues of labor relations, including working conditions, wages, working hours and rest time.

Employment Relationships

The labor regulation under the Labor Code establishes that employment contracts must be drawn up in writing. The Code defines the minimum requirements for the content of employment contracts, which can be concluded either indefinitely or for a certain period of time.

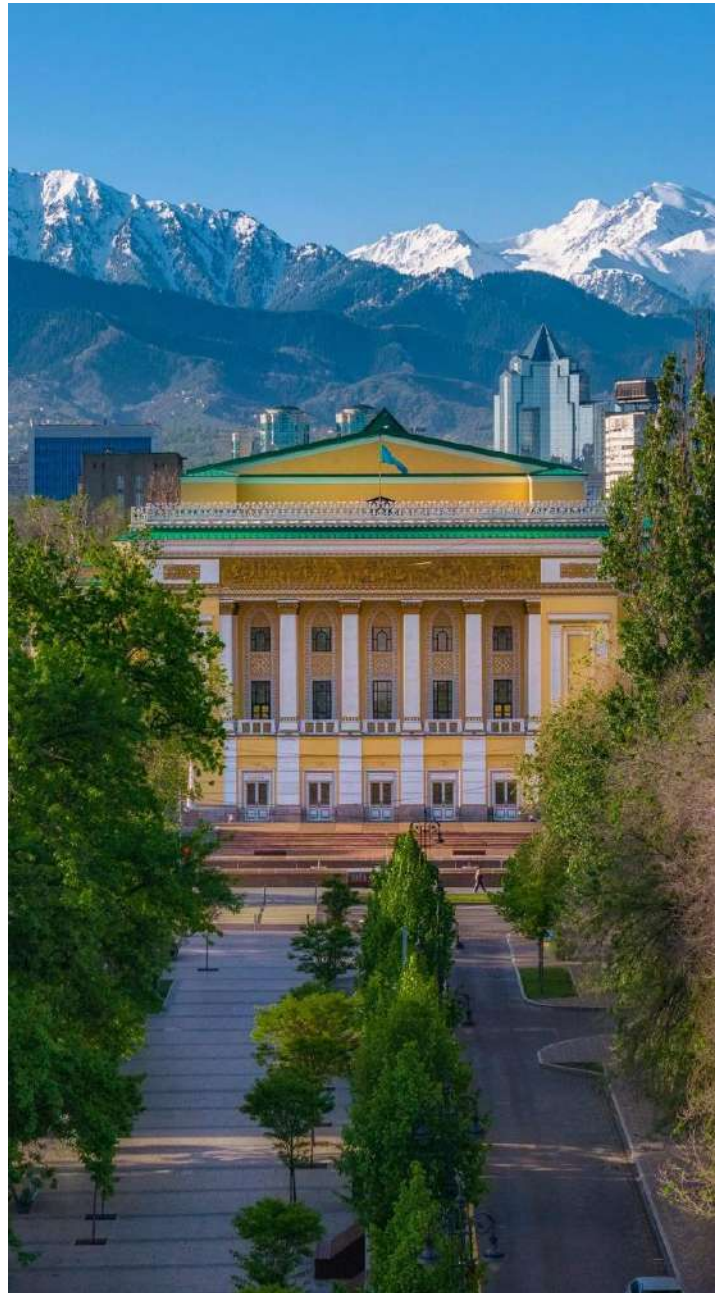
The standard working day in Kazakhstan is 40 hours per week, which is usually distributed from Monday to Friday. The legislation provides for breaks, rest periods, and compensation for overtime work. Overtime is paid at an increased rate, and employees can perform it within 120 hours per year, with the possibility of increasing this limit by agreement of the parties.

Flexible work schedules are also provided, which allows employers and employees to coordinate convenient working conditions. The salary must meet the established minimum wage requirements, as well as take into account the qualifications of the employee. Employees are entitled to additional pay for overtime and special duties.

They are also entitled to annual paid leave of at least 24 calendar days, which may increase depending on their length of service. Maternity leave is 126 calendar days, with protection from dismissal during this period. Child care benefits are provided until the child reaches the age of three. The retirement age for receiving a full pension is 61 years for women and 63 years for men.

Employees may be held liable for damage caused as a result of gross negligence. Dismissal can be either mutual or unilateral, while the employer is obliged to indicate the legitimate reasons for dismissal.

The Labor Code also regulates issues of part-time employment, remote work, temporary work through agencies and flexible working conditions, which makes it possible to adapt labor relations to modern market requirements.



Work permits and visas

Registration of Foreign Nationals

Foreign nationals must be registered with relevant authorities within three business days after such foreign national crosses the state border of Kazakhstan. It is the responsibility of the inviting party (either an individual or a corporation) to notify migration authorities on the arrival or stay of a foreign national by any of the several means available: visa and migration website, special electronic information systems or by filing the written notice with the relevant migration service.

Work Permits

Foreigner worker needs to obtain a work permit in Kazakhstan. The process of obtaining is quite complicated and time-consuming. The legislation establishes quotas for foreign citizens who have the right to work in Kazakhstan, which are distributed among the regions of the country.

The work permit is not required for the first managers of Kazakhstani legal entities fully (100%) owned by a foreign shareholders as well as for the employees of companies registered in the Astana International Financial Center.

Visas

The visa regime for foreign citizens visiting Kazakhstan is regulated by the country's migration legislation. Under this regime, foreigners are required to obtain a visa to enter Kazakhstan and register with local authorities. There are several categories of visas depending on the purpose of stay of foreign citizens. The most common are investor, business and work visas. They can be either single or multiple.

Foreign nationals from many countries are allowed to stay in Kazakhstan without a visa for up to 30 days for personal or touristic purposes (e.g. the USA, China, majority of the EU countries).

Due to recent changes in the legislation of Kazakhstan, foreign nationals are not entitled to set up a company in Kazakhstan or become a shareholder without a visa.

Work visa

Work visas are intended for foreign citizens coming to Kazakhstan for the purpose of employment, and business immigrants. These visas are issued on the basis of a work permit and other documents confirming the intention to work in the country.

Work visas are issued by authorized representatives of the Ministry of Foreign Affairs abroad (or, if there is no representative office abroad, by authorized representatives of Kazakhstan) for a period of up to 1 year or in accordance with a valid work permit, and can be extended after the expiration of the initial validity period of the permit. Family members of a work visa holder who enter Kazakhstan are not allowed to work in the country.

Licensing

A license is an official permit issued by government agencies of the Kazakhstan to carry out certain types of activities. It confirms the compliance of the business with the requirements and standards established by legislation.

The authorization or notification procedure is introduced depending on the level of danger of the upcoming activities or actions (operations) and is divided into the following levels: licenses, permits and notifications.

The list of some, among others, types of activities that are subject to licensing:

- Television and radio broadcasting;
- Education;
- Architecture, urban planning and construction;
- Healthcare;
- The use of atomic energy;
- Ensuring information security;
- Turnover of toxic substances;
- Production and turnover of ethyl alcohol and alcoholic products, production of tobacco products;
- Commodity exchanges;
- Financial sector and activities related to the concentration of financial resources;
- Gambling business.

For some other types of activities, instead of a license, it is enough to send a notification to the authorized authorities. This applies to less regulated areas such as trade, IT services, and consulting.

Taxes and Duties

Taxation in Kazakhstan is regulated by the Code of the Republic of Kazakhstan on Taxes and Other Mandatory Payments to the Budget (Tax Code) and other regulatory legal acts of the Republic of Kazakhstan, as well as all applicable international treaties ratified by the Republic of Kazakhstan. The Tax Code defines the rates of taxes and other mandatory payments, the procedure for their calculation and payment, the scope of the powers of tax authorities to ensure the fulfillment of outstanding tax obligations, the rules for tax accounting and filing tax returns, the forms and procedures of tax control to be carried out by the tax authorities, as well as ways of appealing.

Value Added Tax

VAT is charged on the sale of most goods and services in Kazakhstan, as well as on the import of goods into Kazakhstan. The current VAT rate is 12%. VAT is charged on transactions that are carried out in Kazakhstan, in accordance with the rules of the country of the transaction. VAT on sales must be paid by Kazakhstani legal entities, independent contractors, and foreign companies with branches or representative offices in Kazakhstan, provided that they are registered as VAT payers. The registration obligation arises when a taxpayer's taxable turnover in Kazakhstan exceeds the 20,000 MCI. However, it is possible to register as a VAT payer on a voluntary basis.

Taxpayers

Entities subject to VAT include all legal persons or organizations conducting business activities, regardless of their location, objective or results. All Kazakhstani and foreign legal entities operating in Kazakhstan through a permanent representative office (PE) must register with the tax authorities (PE includes a branch, office, place of management, provision of services in Kazakhstan for a certain period and an agent with the authority to sign contracts). In addition, the registration requirement applies in certain other circumstances (for example, when a foreign company owns real estate or opens a bank account in Kazakhstan).

Corporate Income Tax

Corporate income tax (CIT) is a key component of Kazakhstan's tax system, significantly contributing to the state budget. The CIT rate for tax residents is 20% of their global income. The tax base is determined by a company's annual gross income after applying permissible deductions and adjustments.

Deductions and Tax Planning

A crucial aspect of taxation is expense deductions, which may include costs related to production activities. However, certain restrictions apply, particularly on loan interest expenses, business travel, and entertainment expenses. Careful tax planning is required to optimize deductions and avoid undesirable tax consequences. Kazakhstan allows businesses to carry forward tax losses for up to 10 years, enabling companies to manage their tax burden more effectively. This provision is particularly beneficial for startups and newly established enterprises that may incur losses in their early years.

CIT for Non-Residents

For non-residents operating in Kazakhstan, CIT is levied at **20%** on income derived from activities within the country. Additionally, a branch profit tax of **15%** applies to the difference between the taxable income of the

branch and the CIT paid. However, this rate can be reduced to 5% under double taxation treaties (DTTs) signed by Kazakhstan, offering tax relief for foreign investors.

Withholding Tax (WHT) on Kazakhstan-Sourced Income

Non-resident legal entities earning Kazakhstan-sourced income without a permanent establishment are subject to WHT at the following rates:

- 5% – income from international transportation services, reinsurance premiums, capital gains and dividends from entities within the Astana Hub International Technological Park;
- 10% – dividend income, provided specific conditions are met, such as a minimum three-year holding period for shares and the absence of subsoil assets exceeding 50% of the company's total asset value;
- 15% – capital gains, dividends, interest, royalties, and risk insurance premiums;
- 20% – income received by entities registered in tax haven jurisdictions, or other income classified as Kazakhstan-sourced under the Tax Code.

Impact of International Tax Treaties

The taxation of non-residents in Kazakhstan is significantly influenced by international agreements on the avoidance of double taxation. The treaty provisions take precedence if a DTT establishes tax rules different from Kazakhstan's domestic tax laws.

To benefit from reduced tax rates under a DTT, non-residents must comply with Kazakhstan's procedural requirements. Non-compliance may result in the denial of treaty benefits.

Recent Changes in Tax Legislation

As of January 1, 2025, additional tax reforms have increased the labor-related tax burden in Kazakhstan:

- Social contributions increased from 3.5% to 5%;
- Social tax increased from 9.5% to 11%;
- Employer's mandatory pension contributions rose from 1.5% to 2.5%;
- The total unified payroll tax rate increased from 21.5% to 23.8%.

These changes require companies to adjust their financial planning and payroll budgets to ensure compliance with the new tax regulations.

Personal Income Tax

The personal income tax (PIT) is an important part of the tax system of Kazakhstan and regulates the taxation of personal income of individuals. In accordance with current legislation, personal income of individuals is taxed at a fixed rate of 10%. This rate applies to residents who pay income tax on their income worldwide.

Individuals who spend at least 183 days in Kazakhstan during any consecutive 12-month period are considered residents. This definition is important because it affects the tax obligations of citizens and foreign nationals working in the country. Non-residents, in turn, are subject to income tax only on income received from Kazakhstani sources. In some cases, this tax may not be applied, which creates additional opportunities for foreign investors and employees.

Employers play a key role in the taxation process, as they are required to withhold income taxes and pension contributions from salaries paid to employees. These deductions should be transferred to the budget, which ensures a stable flow of tax revenues to the state treasury. It is important to note that contributions to the pension fund are not deducted from salaries paid to non-residents, which may be attractive to foreign professionals working in Kazakhstan.

The personal income tax system in Kazakhstan is aimed at creating fair tax conditions for all citizens, as well as stimulating economic activity. The Government of the country continues to work on improving tax legislation to make it more transparent and understandable for taxpayers. This, in turn, helps to create a favorable investment climate and attract foreign investment.

Thus, the personal income tax in Kazakhstan is an important tool that not only provides financing for government programs, but also affects the economic development of the country. Taxpayers should be attentive to changes in legislation and use all available opportunities to optimize their tax obligations, which will help them effectively manage their finances and achieve business success.

Social Tax

In Kazakhstan, social tax is levied on employers, including foreign legal entities operating through permanent establishments, as well as nonresident legal entities conducting business via branches or representative offices that do not result in the formation of a permanent establishment.

Employer's Expenses Subject to Social Tax

The following employer expenses are subject to social tax, except for sole traders and private practitioners (such as private notaries, private enforcement agents, professional mediators, and attorneys):

1. Employee compensation: Cash and non-cash payments made by an employer to an employee under an employment agreement, including benefits in kind and material gains.
2. Payments to nonresident individuals:
 - Income earned in Kazakhstan under an employment contract with either a resident or nonresident employer.
 - Compensation and other benefits paid to nonresident executive officers or members of management bodies (e.g., board of directors) for fulfilling management duties related to a resident entity.
 - Expatriate allowances paid by resident or nonresident employers for assignments in Kazakhstan.
 - Material gains received from an employer for work performed in Kazakhstan.
3. Payments to expatriate personnel: Compensation for work in Kazakhstan provided by nonresidents to residents or to nonresidents operating in Kazakhstan through a permanent establishment.

4. Social Tax Rates and Calculation

Social tax is levied at a standard rate of 9.5%. Sole traders (excluding those operating under special tax regimes) and private practitioners (such as private notaries, private law enforcement officers (bailiffs), professional mediators, and attorneys) calculate social tax as follows:

- For themselves: An amount equal to 2 MCI (Monthly Calculation Index) established at the time of payment.
- For each employee: An amount equal to 1 MCI.

Social tax is assessed on a monthly basis, applying the relevant tax rates to the calculated tax base for each calendar month.

Employers should ensure compliance with tax regulations and timely reporting to avoid penalties related to social tax obligations.

Excise Duty

Excise taxes are indirect taxes that are levied on certain goods and services in Kazakhstan. They are regulated by the Tax Code and apply to goods that may have an impact on public health, the environment or the economy of the country. The main categories of goods subject to excise taxes include alcoholic beverages, tobacco products, petroleum products, and automobiles.

Excise tax rates may vary depending on the type of product and its characteristics. For example, excise taxes on alcohol and tobacco are set depending on the volume or cost of products, while excise taxes on petroleum products may depend on their type and purpose. The Tax Code also provides for the possibility of applying minimum excise rates for certain categories of goods, which allows the state to control the level of consumption and protect the health of citizens.

Excise taxes are levied at different stages of the production and trade chain, which means that manufacturers and importers are required to pay excise taxes when producing or importing goods into Kazakhstan. These taxes are then included in the final price of the product, making them part of the cost to the end user.

In addition, the Tax Code establishes rules for accounting and reporting on excise taxes, including requirements for documentation and tax payment deadlines. Incorrect or late fulfillment of these requirements may lead to fines and other sanctions from the tax authorities.

Customs Duties

Customs duties in Kazakhstan are mandatory charges levied when goods are moved across the border, including customs duties, value added tax and excise taxes. The duty rates depend on the customs value of the goods and may vary depending on their category. Within the framework of the Eurasian Economic Union (EAEU) and international agreements, duty exemptions are possible for certain countries, which simplifies trade. Kazakhstan also applies the unified customs Code of the EAEU and complies with the obligations of the World Trade Organization (WTO), which allows for lower rates to be set for certain goods. Customs duties are paid at border crossings, and compliance with procedures is essential to prevent fines and delays.



Property and Land Tax

Individuals and legal entities holding land plots (or shares in land in the event of shared ownership) under the land ownership right, permanent land use right and primary temporary free land use right are required to pay land tax. For tax purposes, all lands are classified into different categories depending on their designation. Land categories are determined by the Land Code of the Republic of Kazakhstan.

The tax base for assessing land tax is the size of a land plot and/or farmland allotment. Base rates of land tax are determined by the Tax Code and vary depending on the quality of soil, location, water supply and other characteristics of a land plot.

Entities owning or using buildings, structures, dwellings, premises and other structures firmly fixed on the ground must pay property tax on such assets. The property tax rate payable by most legal entities in Kazakhstan is 1.5% of the average annual book value of the taxable assets. Property tax applies regardless of whether profit is derived from the use of the assets.

Taxes and Special Charges Levied on Subsoil Users

Special charges and taxes payable by subsoil users include:

- 1) subscription bonus;
- 2) historic cost recovery charge;
- 3) alternative subsoil use tax;
- 4) royalty;
- 5) share of the Republic of Kazakhstan under production sharing agreements;
- 6) mineral extraction tax;
- 7) excess profit tax.

Subscription bonus

Subscription bonus is a one-time charge payable by a subsoil user for the acquisition of a subsoil use right in a contract territory (subsoil block) or for the extension of a contract territory (subsoil block). The initial amount of subscription bonus is determined on a contract-by-contract basis in accordance with the Tax Code requirements and may be increased when a tender commission of competent authority decides to do so. Subscription bonus payable under a license for geological study, prospecting, exploration or production of solid minerals (except for a license issued through an auction) is assessed at the rate expressed in the monthly calculation index as effective on the date of the subscription bonus payment.

Historic cost recovery charge

Historic cost recovery charge is a fixed charge paid by a subsoil user in connection with recovery of the total costs incurred by the government on geological survey of a contract area/subsoil block and exploration of mineral deposits prior to signing a subsoil use contract. Historic cost recovery charge is paid by subsoil users operating under subsoil use contracts in the respective mineral deposits in relation to which the Government incurred costs on geological survey of the contract area/subsoil block and exploration of deposits prior to signing subsoil use contracts.

Mineral Extraction Tax

Mineral extraction tax is paid by subsoil users in monetary form (with limited exceptions) separately for each type of mineral resources, hydrocarbons, ground waters and therapeutic muds produced in Kazakhstan.

Mineral extraction tax for all types of produced minerals, hydrocarbons, ground waters and therapeutic muds, regardless of the method of extraction, is paid at the rates and in the manner determined by the Tax Code.

Mineral extraction tax is payable by subsoil users producing hydrocarbons, minerals, ground waters and therapeutic muds, including extraction of minerals from man-made deposits for which mineral extraction tax and/or royalty has not been paid, each under separate subsoil use contract.

Excess Profit Tax

Excess profit tax is levied on subsoil users operating under individual subsoil use contracts.

The tax base for excess profit tax is the portion of the subsoil user's net income for each separate subsoil use contract for a tax period exceeding the amount of 25% of the subsoil user's deductions for the purpose of assessment of excess profit tax in the manner prescribed by the Tax Code.

Excess profit tax is payable by subsoil users at the rates set out in a sliding scale (the excess tax rate increases as the percentage ratio of net profit distributions to deductions grows). The excess profit tax rate ranges between 10% and 60%.

Alternative Subsoil Use Tax

With effect from 1 January 2018, the following corporate subsoil users may apply an alternative subsoil use tax instead of the aforementioned historic cost recovery charge, mineral extraction tax and excess profit tax:

- 1) the holders of contracts for production and/or combined exploration and production of hydrocarbons in the field(s) entirely falling within the Kazakhstan sector of the Caspian Sea;
- 2) the holders of contracts for production and/or exploration and production of hydrocarbons in the subsoil block(s) where the depth of the upper point of hydrocarbon deposit specified in a mining allotment or contract for production or exploration/production of hydrocarbons (in the absence of mining allotment) is maximum 4,500 metres and the depth of the lower point of hydrocarbon deposit specified in a mining allotment or contract for production or exploration/production of hydrocarbons (in the absence of mining allotment) is at least 5,000 metres.

The object of alternative subsoil use tax is determined as the difference between total annual income and deductions applied in the manner prescribed by the Tax Code for the purpose of alternative subsoil use tax. The rate of alternative subsoil use tax depends on the global oil price per barrel, i.e. the higher the price, the higher the rate. The minimum tax rate is 0% and the maximum tax rate is 42%.

Tax on Transport Vehicles

Tax on transport vehicles is payable by individuals and legal entities who own taxable items under the right of ownership, the right of operating control or operational management. The transport vehicles tax on taxable items transferred (received) under financial lease contracts is payable by the lessee. The taxable base is a transport vehicle (including aircraft, motor boat, ship, tug boat, barge, yaught and railway rolling stock), other than trailer, subject to state registration and/or registered in Kazakhstan. Open-pit dump trucks with loading capacity of minimum 40 tons, special-purpose transport vehicles subject to property tax, and sea ships

registered with the Kazakhstan international ship register are not subject to transport vehicles tax. The rates of transport vehicles tax are set out by the Tax Code in the monthly calculation index and depend on the type of a transport vehicle, its designation, engine volume and year of manufacture.

Conclusion

Kazakhstan's corporate tax system is evolving to differentiate tax burdens across industries and enhance social protections for workers. Businesses must remain agile, adapting to legislative changes while leveraging available tax incentives and international treaties. Effective tax planning, compliance with legal requirements, and transparency are crucial for successfully operating in Kazakhstan's dynamic business environment.

Intellectual property

Intellectual property law in Kazakhstan regulates creation, use and protection of intellectual property. In accordance with the laws of Kazakhstan, copyrights and related rights, patents, trademarks, know-how and other intellectual property objects are protected. The state registration of intellectual property rights is carried out through the National Institute of Intellectual Property (NIIS). Kazakhstan is actively harmonizing its legislation with international standards by participating in organizations such as the World Intellectual Property Organization (WIPO).

Copyright

Copyrights protect works of literature, art, and science, including books, music, computer programs, and databases. Protection arises automatically from the moment of creation of the work and is valid for the entire life of the author and 70 years after his death. For collective works, the period is counted from the moment of the death of the last author.

Industrial rights

Industrial rights include:

- Inventions: the patent is valid for 20 years with the possibility of extension for 5 years for inventions related to pharmaceuticals or agro-chemistry.
- Utility models: the term of the patent is 5 years with the possibility of extension up to 8 years.
- Industrial designs: protection is provided for up to 10 years, with the possibility of extension for 5 years.

Means of individualization

- Trademarks: protection is granted for 10 years with the possibility of renewal every 10 years without restrictions.
- Brand names: protection is valid for an unlimited period of time, but ends with the liquidation of the company.
- Geographical indications: the protection period is unlimited, but requires relevance of use.

Data protection

In Kazakhstan, personal data protection is regulated by the Law on Personal Data and their Protection and other acts, which establish the basic principles of data processing, storage and transmission, as well as the rights of personal data subjects and the duties of operators.

Personal data is information related to a specific or identifiable natural person. These can be:

- Full name, date and place of birth;
- Passport data, identification number;
- Contact information (address, phone, e-mail);
- Biometric data (fingerprints, photos, health data);
- Financial information (bank details, income), etc.

The processing of personal data in Kazakhstan is based on the following principles:

- Consent of the data subject: personal data may be processed only with the written or electronic consent of the subject, except in cases provided for by law
- Intended use: the data should be used exclusively for the purposes specified when it was collected
- Data minimization: only the data that is necessary to achieve the set goals is processed
- Confidentiality and security: organizations or individuals that collect, process, and store personal data are required to protect personal data from unauthorized access, loss, alteration or dissemination.

Personal data should be processed only on the territory of Kazakhstan, unless otherwise provided by the international agreements. Data can only be stored for as long as it is necessary to achieve the purposes of processing.

Kazakhstan is gradually adapting its personal data protection standards to international standards, including the requirements of the GDPR (EU General Data Protection Regulation), which promotes integration with global markets and the protection of citizens' rights.

The legislation of Kazakhstan provides reliable protection of personal data, guaranteeing their confidentiality and security. Companies and data operators are required to follow strict rules, which helps to increase the trust of citizens and businesses.

Contact us

If you have any queries regarding Doing Business in Kazakhstan, feel free to contact our team as per the contact below.

PKF Kazakhstan offers a wide range of services to various clients, from foundations and charitable organizations to listed companies.

Audit	<ul style="list-style-type: none">➤ Audit of financial statements➤ Special purpose audit➤ Review of financial statements➤ Agreed procedures➤ Development of accounting policies
Tax consulting	<ul style="list-style-type: none">➤ Tax Due Diligence➤ Consultations on tax issues➤ Tax review and identification of tax risks➤ Preparation of tax returns➤ Development of tax accounting policy
Legal consulting	<ul style="list-style-type: none">➤ Courts and arbitration➤ Due diligence➤ M&A➤ Registration of companies➤ Labor law➤ Intellectual property
Business solution	<ul style="list-style-type: none">➤ Business consultations➤ Accounting, tax accounting and reporting➤ Tax planning and tax burden optimization➤ Personnel support, employment and migration support➤ Representation in tax and other government agencies➤ Search and verification of business partners and contractors
Transfer pricing	<ul style="list-style-type: none">➤ Development of risk mitigation measures➤ Benchmark analysis➤ Developing a policy and/or methodology
Property valuation	<ul style="list-style-type: none">➤ Real estate➤ Shares and securities➤ Investment projects➤ Subsoil use rights➤ Commercial vehicles➤ Intellectual property

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