

# Doing Business in Kazakhstan



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# Contact Us in Kazakhstan

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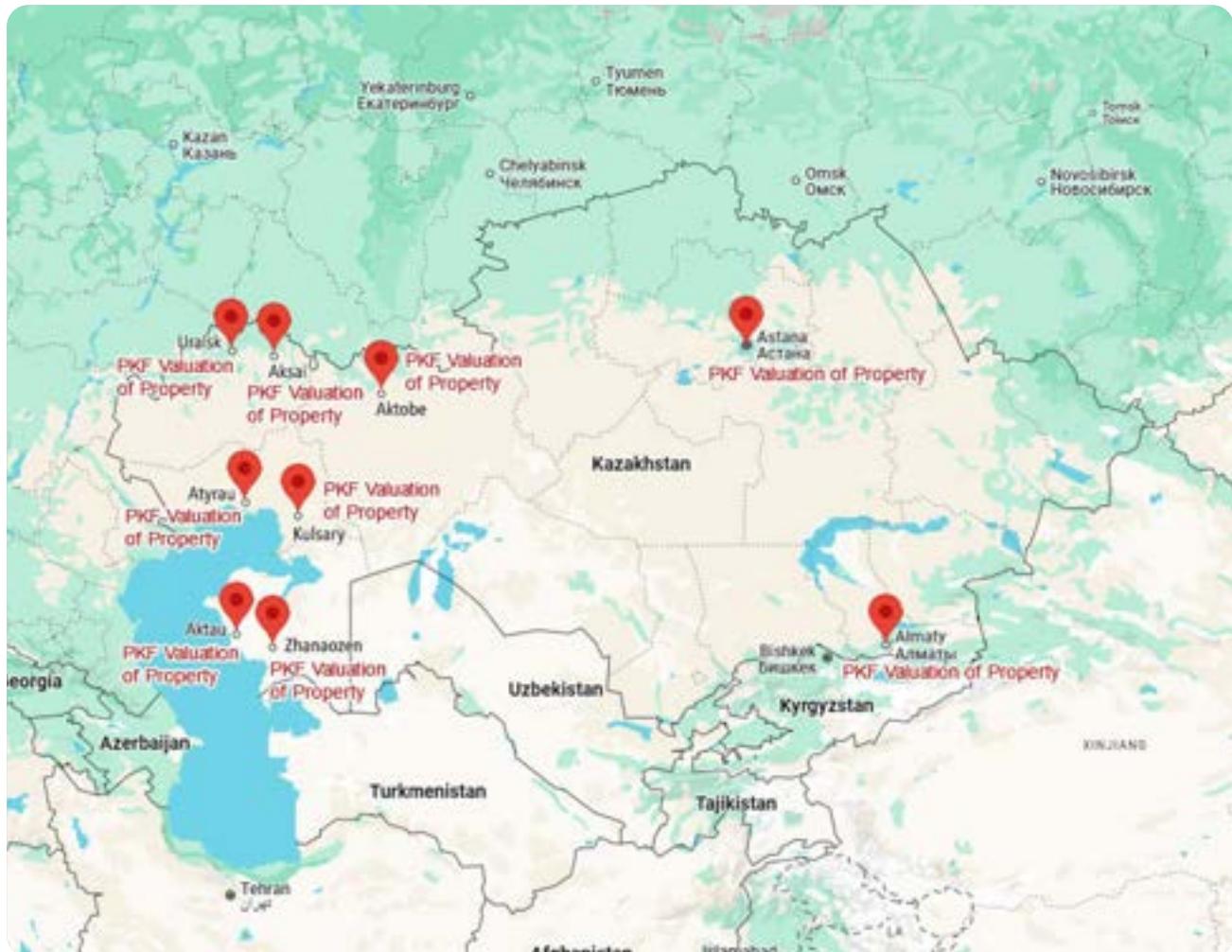
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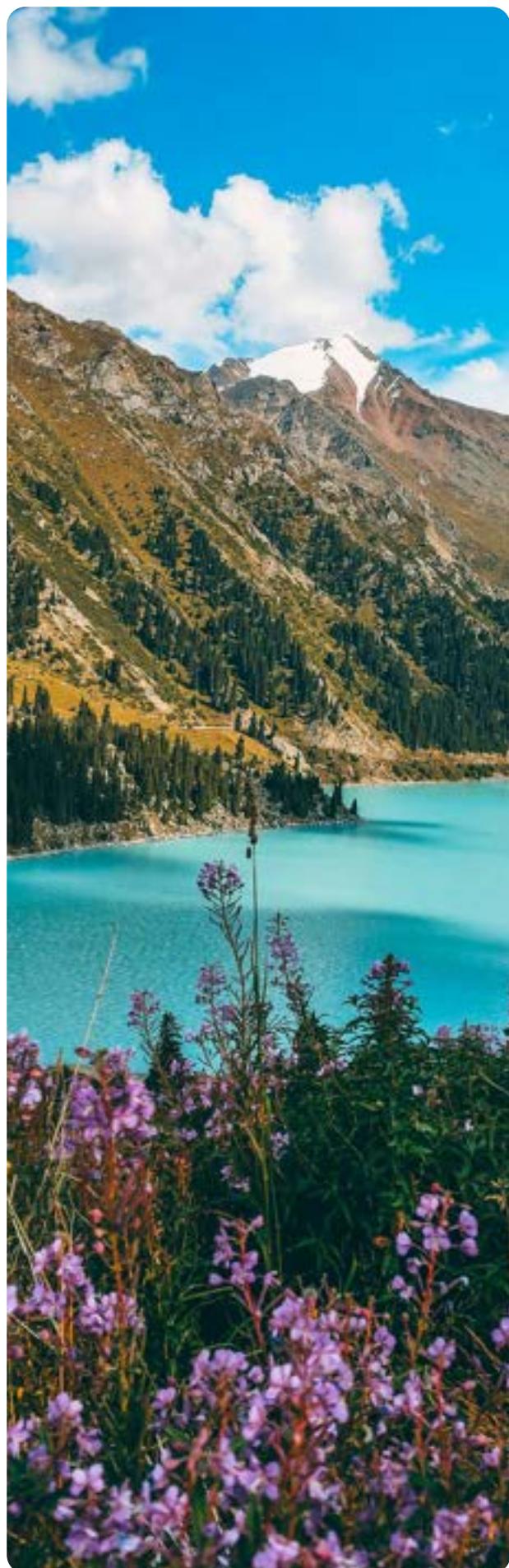
# Foreword

This PKF 'Doing Business in Kazakhstan' publication provides an overview of the most important aspects of doing business in Kazakhstan and we trust it will be both informative and useful.

Kazakhstan has always been a bridge between Asia and Europe. The country's strategic location makes it a vital link between the two continents, facilitating trade and investment. Kazakhstan's commitment to sustainable development is evident in its efforts to modernise infrastructure, promote green energy and implement digital technologies across various sectors. The government's focus on improving the ease of doing business has resulted in a more investor-friendly environment, making Kazakhstan an attractive destination for international businesses.

We hope that this publication will help investors obtain initial information on the key considerations when establishing operations in Kazakhstan. The **PKF network in Kazakhstan** provides services in various fields, including:

- Valuation
- Tax
- Law
- Audit
- Advisory
- Business solutions
- Corporate finance
- Market research



# Demographic and Environmental Overview

## A Profile of Kazakhstan

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Kazakhstan, the world's ninth-largest country, lies at the crossroads of Europe and Asia, making it a vital hub for international trade and connectivity. With over 20.2 million inhabitants, the country embraces a multicultural society with more than 130 ethnic groups and two official languages – Kazakh and Russian.

Kazakhstan boasts an extraordinary landscape, from vast steppes to towering mountains and expansive deserts, offering untapped potential for tourism and sustainable development. Kazakhstan is one of the world's leading producers of oil, gas, uranium and various minerals, which serve as the backbone of its economy.

Kazakhstan was part of the Soviet Union from 1920 to 1991. On 16 December 1991, it declared independence, marking the beginning of its path as a sovereign state.

## Economic Summary

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Kazakhstan is the largest economy in Central Asia, accounting for approximately 60% of the region's GDP, thanks to its abundant natural resources and strategic location along China's Belt and Road Initiative. The country is a leading global producer of uranium and has substantial deposits of other valuable minerals.

In recent years, Kazakhstan has diversified its economy by investing in sectors such as manufacturing, agriculture and services. The government has implemented policies to attract foreign direct investment, resulting in a steady GDP growth rate. Since the 2000s, Kazakhstan has experienced significant economic growth due to market-oriented reforms, mineral resource extraction and strong foreign direct investment, transforming it into an upper middle-income economy with improved living standards and reduced poverty.

Kazakhstan is a member of the Eurasian Economic Union (EAEU), offering access to a market of over 180 million people, alongside robust trade relationships with China, the EU and the Middle East.

## Services and Exchange Controls

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Kazakhstan offers a liberalised environment for foreign investors, including simplified processes for starting businesses and incentives in special economic zones. The Kazakhstani tenge (₮, KZT) operates under a managed float system, with the central bank ensuring stability and supporting international transactions.

The Astana International Financial Centre (AIFC) operates under English common law principles, promoting innovation and global investment flows. The AIFC is widely recognised as a leading financial institution and hub in the Central Asia and Eastern Europe region. In November 2024, Kazakhstan's banking system began transitioning to the international payment messaging standard ISO 20022, enhancing the efficiency and transparency of financial transactions to align with global practices.

## Kazakhstan Today

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Kazakhstan combines its rich cultural heritage with an ambitious vision for modernisation, focusing on sustainable growth and technological innovation. The country plays a crucial role in regional stability and global trade, serving as a link between China's Belt and Road Initiative and Europe.

Kazakhstan has invested heavily in infrastructure, including international airports, railway networks and digitalisation projects, making it a logistics hub for Central Asia. As part of its 'green economy' concept, Kazakhstan is transitioning to renewable energy sources and aims to generate 50% of its electricity from renewables by 2050. The country has demonstrated consistent political stability, with a transparent approach to governance reforms aimed at enhancing investor confidence and legal predictability.

As a member of international organisations like the WTO, OECD and AIFC, Kazakhstan actively participates in global economic and financial systems, enhancing its reputation as an emerging market.

The government prioritises economic diversification and foreign investment, offering tax incentives, investment guarantees and a stable macroeconomic environment. The nation's political stability and commitment to economic reforms have fostered a favourable business environment.



# Consumer Protection and Special Industries

## Intellectual and Industrial Property Rights in Kazakhstan

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In Kazakhstan, the protection of intellectual property is one of the priorities of state policy, as it encourages the creation of new technologies, provides rights holders with exclusive rights to use intellectual property assets, allows companies to use their intellectual property to gain a competitive advantage and ensures that consumers receive quality goods and services.

Intellectual property assets include:

- Copyright: Works of literature, art, science, music, films, software, etc;
- Industrial property: Inventions, utility models, industrial designs, trademarks, geographical indications, etc;
- Related rights: Rights of performers, phonogram producers, broadcasting organisations; and
- Other assets: Breeding achievements, topologies of integrated circuits, etc.

Registration is required for the disposal and acquisition of intellectual property rights.

Before applying for trademark registration, an interested party is advised to check whether the proposed mark fulfils certain conditions.

The state policy in the field of protection and enforcement of intellectual property rights is implemented by the Ministry of Justice of the Republic of Kazakhstan, and Republican State Enterprise National Institute of Intellectual Property is an expert organisation in the field of intellectual property.

It should be noted that Kazakhstan is a party to many international treaties, which ensures harmonisation of national legislation with international standards.

## Consumer and User Protection

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Consumer protection in Kazakhstan is regulated by legislation and is implemented at various levels. The main objective is to ensure fair relations between consumers and producers (sellers) of goods and services.

The law of the Republic of Kazakhstan on protection of consumer rights is the main normative act regulating relations in this sphere. It defines consumer rights, establishes the responsibility of sellers for the quality of goods and services, as well as mechanisms to protect consumer rights in case of their violation.

State control over compliance with consumer protection legislation is exercised by the Consumer Protection Committee of the Ministry of Trade and Integration of the Republic of Kazakhstan.

Other state authorities, such as the Antimonopoly Committee and the Sanitary and Epidemiological Service, are also involved in consumer protection within their competence.

Public consumer associations assist consumers in protecting their rights, provide counselling and represent consumer interests before state authorities.

# Legal Framework for Doing Business in Kazakhstan

## Establishing a Company in Kazakhstan

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In Kazakhstan, as in most countries with developed market economies, there are several organisational and legal forms under which legal entities may be established. The choice of a particular form depends on the objectives of the legal entity, the scope of its activities, the responsibility of the founders and other factors. The right choice of legal form will optimise the company's operations, minimise risks and ensure its long-term development.

The process of setting up a company in Kazakhstan has become much easier in recent years due to the digitalisation of government services. However, as in any other country, there are nuances and peculiarities.

The most common form of legal entity in Kazakhstan is a **limited liability partnership**. A limited liability partnership is a partnership established by one or more persons, the authorised capital of which is divided into shares of certain sizes determined by the founding documents, and the participants of the limited liability partnership are not liable for its obligations and bear the risk of losses associated with the activities of the partnership to the extent of the value of their contributions. A limited liability partnership may not have as its sole participant another economic partnership consisting of one person.

The initial amount of the charter capital is equal to the sum of the founders' contributions and may not be less than the amount equivalent to 100 times the monthly calculation index established for the relevant financial year by the law on the republican budget as of the date of submission of documents for the state registration of the partnership, except for a limited liability partnership which is:

- a small business entity, as well as a state Islamic special finance company, for which the amount of the minimum authorised capital is zero;
- an organisation engaged in microfinance activities, for which the amount of the minimum charter capital is determined by the legislation of the Republic of Kazakhstan on microfinance activities; or
- a payment organisation, for which the amount of the minimum authorised capital is determined by the legislation of the Republic of Kazakhstan on payments and payment systems.

A limited liability partnership is considered to be established for an indefinite period of time, unless the founding documents of the partnership stipulate that it is established for a definite period of time or for a specific purpose. The company is managed by elected management authorities based on the decisions of the founders. This form is suitable for small and medium-sized businesses.

The next form of legal entity is a **joint stock company**, where the capital is divided into shares and the liability of shareholders is limited to the value of their shares. Management is carried out by shareholders at a general meeting, as well as by management authorities (board of directors, management board). This form is suitable for large companies that need to attract significant investments.

The minimum size of the authorised capital of a joint stock company is 50,000 times the monthly calculation index established by the law of the Republic of Kazakhstan on the republican budget for the corresponding

financial year. Requirements on the minimum size of the authorised capital do not apply to companies that carry out activities as investment privatisation funds and commodity exchanges.

Another organisational and legal form of entity is a **production cooperative**. A production cooperative is a voluntary association of citizens who wish to undertake joint entrepreneurial activities. Membership is based on labour participation and property contributions. There must be at least two founders of a production cooperative. After formation, the founders become members of the cooperative and have the same rights and obligations as other members.

Property contributions of the members of a production cooperative form the initial capital and are intended to establish and organise the activities of the cooperative, as well as to cover expenses. The composition and amount of property contributions, as well as the procedure, methods and terms of their payment, are determined by the memorandum of association or charter. Management is carried out by the members of the cooperative at a general meeting.

The most common form of entrepreneurship without forming a legal entity is an individual entrepreneur.

**Individual entrepreneurship** is an independent activity performed by citizens of the Republic of Kazakhstan and ethnic Kazakhs (**kandas**), aimed at generating net income, based on the property of individuals themselves and carried out on behalf of individuals, at their risk and under their property responsibility (meaning that an individual entrepreneur bears full responsibility for obligations with all the property owned).

The list of required documents, as well as the procedure for registration of legal entities and individual entrepreneurs, are available on the eGov.kz portal (<https://egov.kz/cms/en>), where most of the procedures can be completed online using an electronic digital signature (EDS).

## Opening a Company Branch in Kazakhstan

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Opening a company branch in Kazakhstan is a common practice for foreign companies wishing to expand their business into the Kazakhstan market. The process is quite transparent and simplified thanks to the digitalisation of government services.

A branch is a separate subdivision of a legal entity located outside its territory of residence and performs all or part of its functions. A branch is not a legal entity but is vested with the property of the legal entity that created it and operates on the basis of regulations approved by it. A branch must have a registered office in Kazakhstan and must maintain accounting records in accordance with the laws of Kazakhstan. An appointed branch manager acts on behalf of the branch in Kazakhstan. The branch must pay taxes, complying with the tax laws of Kazakhstan.

In order to register a branch office, it is necessary to submit to the authorised agency:

- the decision (minutes) of the founder (participants) to establish a branch;
- the charter of the legal entity/notarised copy of the charter with translation into the state or Russian language;
- a document confirming the state registration of the legal entity (state registration certificate or extract from the state register);
- a document confirming the location of the branch (lease agreement for the premises or certificate of ownership of real estate);

- an application in the prescribed form (to be filled in on the eGov.kz portal); and
- a receipt for payment of the state duty.

## Purchasing Shares in an Existing Company in Kazakhstan

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The purchase of shares in an existing company in Kazakhstan is an investment in its capital. The purchase process is generally standardised and includes the following steps:

- market research, analysing the company's financial performance and development prospects in order to select a company;
- applying to a brokerage company providing services on the Kazakhstan Stock Exchange (KASE) or Astana International Exchange (AIX) to open a brokerage account;
- replenishment of the brokerage account;
- submitting a purchase order through the broker's trading platform to buy a certain number of shares at a specified price;
- execution of the order; and
- crediting the shares to the account.

**KASE** was established in 1993 and is one of the largest stock exchanges in Central Asia. It provides a platform for trading securities such as equities, bonds and derivatives. KASE features a wide range of financial instruments, including government securities, corporate bonds and shares of Kazakh and foreign companies. It serves as the main financial hub for Kazakh businesses seeking capital through public offerings and plays a key role in Kazakhstan's economic development by facilitating liquidity and transparency in financial markets.

**AIX** was established in 2017 and is a modern stock exchange located within the Astana International Financial Centre (AIFC). It aims to attract international investors and companies seeking to list in Kazakhstan. AIX is supported by strategic shareholders, including NASDAQ, Goldman Sachs and the Shanghai Stock Exchange. It focuses on attracting foreign investment and providing a platform for domestic companies to raise capital internationally and offers innovative instruments.

Kazakhstan's equity market is relatively young and less liquid than developed markets. This means that there may be a limited number of shares available to buy and prices may be more volatile.

Gains from the sale of shares are taxable.

The share market is regulated by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (AFMS).

Foreign investors may be subject to certain restrictions related to the acquisition of shares in strategic enterprises or companies related to national security.

## Buying Property in Kazakhstan

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The process of buying property in Kazakhstan is quite simple and transparent.

Transactions relating to the sale and purchase of immovable property are not subject to mandatory notarisation in Kazakhstan. However, it is advisable to certify such transactions with a notary to ensure

that certain checks are completed, including on the legal capacity of the owner, compliance of title documents with registration data and the existence of encumbrances, arrests and other restrictions. In addition, a notary would file documents relating to the registration of rights to immovable property.

It should be noted that the title to immovable property in the Republic of Kazakhstan arises only after state registration of the title.

**Property tax in Kazakhstan** is payable annually by the owner of real estate. The tax rate depends on the type of property and its cadastral value.

Where real estate is sold during the first year of ownership, an individual pays income tax at the rate of 10% of the excess of the sale price over the purchase price. If the property has been owned for more than a year, no tax is payable. However, on the sale of a commercial property, income tax at the rate of 10% of the excess of the sale price over the purchase price is payable irrespective of the period of ownership of the property.

It should be remembered that foreigners and stateless persons have the right to own immovable property in the territory of the Republic of Kazakhstan, but subject to certain conditions.



# Taxation in Kazakhstan

## Tax System in Kazakhstan

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Businesses of various sizes and specialisations must pay taxes to conduct business legally in Kazakhstan. The funds received by the state are used to support various tasks – from ensuring national security to implementing state programmes (including business support).

### What Taxes do Businesses in Kazakhstan Pay?

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There are two taxation regimes in Kazakhstan – general and special. The choice depends on the category of taxpayer (small, medium or large business), as well as on the type of activity, number of employees, presence of branches, profits, etc. When registering a business in the Republic of Kazakhstan, an entrepreneur chooses the taxation regime. This governs the applicable tax rates.

## Income Tax

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Companies based in Kazakhstan are subject to a 20% corporate income tax (CIT) rate.

CIT is the tax that companies (LLPs, ALPs, JSCs, etc.) pay on income received. CIT is paid by resident companies and non-resident legal entities operating in the Republic of Kazakhstan through a permanent establishment or receiving income from sources in the Republic of Kazakhstan.

However, the tax system in the country provides for various special regimes for representatives of small and medium-sized businesses, which allow them to pay less.

Thus, when applying the most common special tax regime based on a simplified declaration, entrepreneurs pay only 3% of their income (for six months). However, such a system does not allow for the deduction of any business expenses.

Companies that meet the following three conditions can be subject to the simplified payment system:

- Profits do not exceed 24,038 times the monthly calculation index (MCI, established for a particular financial year and used in the calculation of social benefits, taxes and fines).
- The number of employees does not exceed 30 people.
- Companies whose services do not affect activities under agency contracts and do not have structural subdivisions. The full list of restrictions can be found in article 683 of the Tax Code of the Republic of Kazakhstan (paragraph 2, subparagraph 3).

Please note that permanent establishments of foreign legal entities not only pay income tax, but also an additional tax on the net income of branches (branch remittance tax), which is 15% of the amount of income that remains after deducting CIT.

## Value Added Tax

The VAT regime is another plus in favour of doing business in Kazakhstan. In Kazakhstan, VAT is levied at a rate of 12%.

However, the following are not subject to VAT:

- government agencies;
- companies that are subdivisions of resident legal entities;
- organisations that operate under the special regime for farms and peasant farms; and
- enterprises whose turnover for the year is less than 20,000 MCI.

It should also be noted that some services of social significance, such as museum services, are not subject to VAT. For export operations and international transportation, a zero VAT rate applies. Meanwhile, both sole proprietors and LLPs, and even individuals who import goods, are required to pay VAT (even if they do not have the status of 'VAT payer'). However, keep in mind that some imported goods are not subject to VAT (for example, colour monitors, some machine tools, computers and storage devices, etc.).

VAT is paid four times a year, i.e. every quarter.

Businesses whose income exceeds 20,000 MCI must register for VAT and this does not depend on the tax regime: VAT is paid both within the main regime and within the simplified taxation regime. Different VAT rules apply depending on the applicable tax regime. For example, the simplified tax regime provides for an increase in VAT from 20,000 MCI to 124,184 MCI (in 2024 this is equivalent to KZT 458,487,328) for users of the three-component integrated system (TIS). The same conditions apply to the special tax regime (STR) for retail tax.



## Payroll-related Taxes

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Entrepreneurs who work under any tax regime other than the patent regime can employ people. Where an entrepreneur has employees, taxes and other contributions must be paid in connection with their employment. What are the rates for these taxes in Kazakhstan?

**Individual income tax (IIT):** This tax is a fixed rate of 10% and applies to all employees (both residents and non-residents). IIT is deducted from the salary of each member of staff and transferred to the budget.

**Social tax:** From 1 January 2025, this tax was increased to 11% (previously 9.5%). This tax is withheld from the employer, not from the employee's income.

**Social contributions:** These contributions are sent to the Social Insurance Fund. From 1 January 2025, social contributions were increased to 5% (previously 3.5%).

**Pension contributions:** These are paid to the Unified Accumulative Pension Fund, at a rate of 10% of income. In addition to mandatory pension contributions, professional pension contributions must be paid for employees whose work is associated with risks and harmful conditions. Professional pension contributions are paid at a rate of 5%, added to the 10% pension contributions.

Also, since 2024, companies have been required to make **mandatory pension contributions from the employer (MPCE)**. From 1 January 2024, the applicable rate was 1.5%, with annual increases up to 5% by 2028. These contributions are not made for all employees. For example, MPCE is not deducted for professionals who have reached retirement age or for employees who were born before 1 January 1975.

**Health insurance (mandatory social medical insurance – MSMI):** Employers must make monthly contributions to the Social Health Insurance Fund at a rate of 3%. In addition, employers must deduct compulsory health insurance contributions at a rate of 2% from employees' incomes each month.

## Taxes for Asset Owners

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Businesses may have different types of asset at their disposal, including plots of land, buildings and vehicles. The following taxes apply to such businesses:

**Land tax:** This is paid by entrepreneurs who own plots of land. The tax does not have a fixed rate – the amount of tax depends on the size of the land plot and its location.

**Property tax:** This applies to all real estate – structures, residential buildings, other buildings and other structures. Moreover, the tax must be paid even if these assets do not generate profit for the company. The rate is 1.5% of the average annual book value of the property.

**Vehicle tax:** This applies to vehicles that are registered in Kazakhstan. As with land plots, there is no fixed rate; the amount of vehicle tax depends on the type of vehicle, the volume of the engine, etc.

# Accounting in Kazakhstan

The main requirements for the preparation of financial statements and for the audit of financial statements are set out below.

## **Regulatory Bodies Supervising Accountants and Auditors in Kazakhstan**

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Kazakhstan has several regulatory agencies and organisations that are responsible for overseeing accounting and auditing practices to ensure compliance with relevant laws, regulations and international standards. The main organisations involved in this oversight are listed below:

### **Ministry of Finance of the Republic of Kazakhstan**

The Ministry of Finance is the central government authority responsible for the development and implementation of financial policy, including issues related to accounting and auditing. It plays a key role in shaping the regulatory environment for financial reporting.

### **Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (Financial Market Agency)**

The Financial Market Agency oversees financial markets, including the areas of audit and accounting. This organisation plays an important role in licensing audit firms and establishing rules and regulations for auditing activities.

### **Professional organisations of accountants and auditors of the Republic of Kazakhstan**

These are professional non-profit organisations that unite accountants and accounting organisations, auditors and audit organisations, and have appropriate accreditation.

## **Laws, Regulations and Standards in Kazakhstan**

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### **1. Law of the Republic of Kazakhstan No. 234-III dated 28 February 2007 on Accounting and Financial Reporting**

This law regulates the system of accounting and financial reporting in the Republic of Kazakhstan and establishes the principles, main qualitative characteristics and rules of accounting and financial reporting.

### **2. Law of the Republic of Kazakhstan No. 304-I dated 20 November 1998 on Auditing**

This law regulates relations that arise between state bodies, individuals and legal entities, auditors, audit organisations, professional audit organisations and the professional audit council in the course of conducting audit activities in the Republic of Kazakhstan.

### **3. International Financial Reporting Standards (IFRS)**

This is a set of standards and interpretations issued by the International Accounting Standards Board (IASB), which govern the rules for preparing financial statements that are necessary for external users to make economic decisions about an enterprise. The purpose of financial reporting standards is to reduce differences and interpretation choices in the presentation of financial statements, improve the quality and comparability of information and unify standards. Common standards make it possible to evaluate and compare the performance of various companies, including at an international level, more effectively.

### **4. International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SMEs)**

This standard is issued by the IASB. IFRS for SMEs is based on the fundamental principles of the full version of IFRS but has some simplifications. The purpose of developing IFRS for SMEs is to provide relevant, reliable and useful information on which to base high-quality and understandable accounting standards for small and medium-sized businesses, where the costs of preparing financial statements for owners and other stakeholders do not exceed the benefits of providing the information. Advantages of applying IFRS for SMEs include improving the comparability of information with other entities that also use IFRS for SMEs; increasing the reliability of the reporting of SMEs, since the requirements for providing information that are comparable (under certain assumptions) with the requirements of the main IFRSs are met; and facilitating subsequent application of the full version of IFRS when an SME expects to turn to the capital markets in the future.

### **5. National Financial Reporting Standards (NFRS)**

These are financial reporting standards approved by the authorised body of the Republic of Kazakhstan, under the Order of the Minister of Finance of the Republic of Kazakhstan No. 50 dated 31 January 2013 on approval of the national financial reporting standard.

### **6. International Standards on Auditing (ISA)**

These are standards and audit documents issued by the International Federation of Accountants.

### **7. Code of Ethics for Professional Accountants**

This is a set of ethical rules of conduct for professional accountants, accounting and professional organisations in the course of their professional activities, issued by the International Federation of Accountants.

### **8. Accounting Rules**

These rules establish the accounting procedure for individual entrepreneurs, legal entities, branches, representative offices and permanent institutions of foreign legal entities registered in the territory of the Republic of Kazakhstan, under the Order of the Minister of Finance of the Republic of Kazakhstan No. 241 dated 31 March 2015 on approval of accounting rules.

### **9. Standard Chart of Accounting Accounts**

The standard plan is intended for grouping and current reflection of elements of financial statements in terms of value, under the Order of the Minister of Finance of the Republic of Kazakhstan No. 185 dated 23 May 2007 on approval of the standard chart of accounting accounts.

These major regulatory bodies, laws and standards combine to maintain the reliability, transparency and quality of accounting, financial reporting and auditing in Kazakhstan, which ultimately contributes to the country's economic development and generates investor confidence.

## Accounting Practice in Kazakhstan

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The maintenance of accounting records and preparation of financial statements in Kazakhstan are carried out in compliance with the following procedure:

- Small business entities, as well as legal entities operating exclusively through exchange offices under the licence of the National Bank of the Republic of Kazakhstan, prepare financial statements in accordance with the national standard.
- Medium-sized businesses, as well as state-owned enterprises based on the right of operational management (state-owned enterprises), prepare financial statements in accordance with the international standard for small and medium-sized businesses.
- Large business entities and public interest organisations are required to prepare financial statements in accordance with international standards.

At the same time, by the decision of the governing bodies that approved the accounting policy, small businesses are entitled to prepare financial statements in accordance with international standards or the international standard for small and medium-sized businesses, and medium-sized businesses are entitled to prepare financial statements in accordance with international standards.

### What are the differences between IFRS and NFRS?

The main difference is the composition of the financial reporting set and the requirements for financial reporting forms.

Under IFRS, the full set of financial statements includes:

1. statement of financial position as at the end of the period;
2. statement of profit or loss and other comprehensive income for the period;
3. statement of changes in equity for the period;
4. cash flow statement for the period; and
5. notes consisting of a summary of significant accounting policies and other explanatory information.

There are no specific financial reporting forms approved by IFRS. IAS 1 Presentation of Financial Statements includes general requirements for the content of financial statements.

An exception is the Decree of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017 on approval of the list and forms of annual financial statements for publication by public interest organisations (other than financial organisations).

Under NFRS, the full set of financial statements includes:

1. balance sheet; and
2. profit and loss statement.

## How is the Reporting Period Determined in Kazakhstan?

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According to article 18 of the law of the Republic of Kazakhstan on accounting and financial reporting, the accounting period is the period for which an organisation submits financial statements.

The reporting period for annual financial statements is the calendar year, from 1 January to 31 December.

The first reporting year for a newly created organisation starts from the moment of its state registration and ends on 31 December of the same year.

## Accounting for Companies in Kazakhstan

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According to the law of the Republic of Kazakhstan on accounting and financial reporting, management or an individual entrepreneur can, depending on the volume of accounting work:

1. establish the accounting service as a structural division headed by a chief accountant;
2. add the position of chief accountant to the staff;
3. transfer on a contractual basis the maintenance of accounting records and preparation of financial statements to an accounting or auditing organisation or a professional accountant; or
4. keep accounting records in person.

## Exceptions to Keeping Accounting Records in Kazakhstan

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Individual entrepreneurs have the right not to carry out bookkeeping in Kazakhstan (except for the preparation and storage of primary documents) and are not required to prepare financial statements if the following conditions are met simultaneously:

1. special tax regimes for small businesses apply in accordance with the tax legislation of the Republic of Kazakhstan;
2. they are not registered for value added tax; and
3. they are not subjects of natural monopolies.

In case of non-compliance with one of the conditions specified above, the individual entrepreneur is obliged to conduct accounting and prepare financial statements from the month following the month in which such a discrepancy occurred.

## Audit Requirements for Different Types of Legal Entities in Kazakhstan

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### Public companies

Public companies in Kazakhstan are subject to more stringent audit requirements due to their public status and the need to protect the interests of shareholders and investors.

Public companies are required to undergo annual audits conducted by an independent registered audit firm. These audits should ensure that interested users of the information are satisfied that the company's financial statements accurately reflect its financial position and results of operations.

Public companies must publish audited financial statements for the year and disclose this information to regulatory authorities, such as the Kazakhstan Stock Exchange (KASE) or the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (Financial Market Agency).

### **Private companies**

Private companies in Kazakhstan have audit requirements that are generally less stringent than those for public companies. However, some factors, such as the size and industry of the company, may affect the extent of audit requirements. Private companies are not always required to undergo annual audits, but they may still decide to do so for various reasons, such as attracting investors or fulfilling contractual obligations. The decision to conduct audits is often based on the specific circumstances of the company.

Private companies are not required to publish their audited financial statements, but they may be required to make them available to certain stakeholders, such as creditors or business partners, as part of contractual agreements.

### **State-owned enterprises**

State-owned enterprises in Kazakhstan often have unique audit requirements due to their state ownership and the need to ensure transparency in the use of public funds.

State-owned enterprises are usually subject to annual audits, and the audit firm conducting the audit must be independent and registered with the relevant authorities.

State-owned enterprises must provide audited financial statements to regulatory authorities and may also be required to make these reports publicly available, depending on the level of government oversight.

## **Procedure and Deadline for Filing Financial Statements in Kazakhstan**

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Organisations submit financial statements to:

1. founders (participants) in accordance with the constituent documents;
2. the authorised body in the field of state statistics at the place of state registration;
3. bodies of state control and supervision of the Republic of Kazakhstan in accordance with their competence;
4. their parent company, in relation to which they are subsidiaries, in accordance with the procedure determined by the parent company, including the list, forms and terms.

Financial statements are presented in the national currency of the Republic of Kazakhstan.

Organisations that submit annual financial statements must do so no later than 30 April of the year following the reporting year.

During the reporting period, the founders (participants) have the right to determine the terms of submission of interim financial statements and set other submission dates, but not less than once a year.

# Labour Legislation in Kazakhstan

## Summary of Labour Legislation

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The legislation of the Republic of Kazakhstan provides employees with a wide range of guarantees aimed at protecting their labour rights and ensuring decent working conditions.

Labour legislation of Kazakhstan is a set of legal norms regulating labour relations between an employee and an employer. The purpose of this legislation is to ensure fair working conditions, protect the rights of employees and employers and create stable labour relations in the country.

The main guarantees stipulated by the Labour Code of the Republic of Kazakhstan and other regulatory acts include:

- **Equal right to work and prohibition of discrimination in the field of labour:** All citizens have an equal right to work without any discrimination on the grounds of race, nationality, sex, language, religion, political opinion, origin, property and social status, age or other circumstances.
- **Prohibition of forced labour.**
- **Guarantees of working conditions:** The employer is obliged to ensure safe and healthy working conditions and must provide employees with the necessary personal and collective protective equipment.
- **Normal working hours are set** and should not exceed 40 hours per week, and days off are provided for.
- **Mandatory annual paid leave** of at least 24 days.
- **Employees are guaranteed the timely payment of wages** in an amount not lower than the minimum wage.
- **Employees are subject to compulsory social insurance** against industrial accidents and occupational diseases, as well as pension benefits.
- **When an employee is dismissed** on the employer's initiative through no fault of the employee, the employee must be paid severance pay.

In Kazakhstan, the Labour Code stipulates that employees may be entitled to retain their average earnings during specific periods of suspension or temporary absence from work, as outlined in the Code. This means that for certain situations, such as when an employee is temporarily transferred to another job or during a suspension of work due to safety concerns, they will continue to receive their usual salary.

## Model Provisions of Labour Contracts in Kazakhstan

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A labour contract is an agreement between an employer and an employee that defines their mutual rights and obligations. In Kazakhstan, as in other countries, there are certain model clauses that are usually included in such contracts.

The main provisions of labour contracts in Kazakhstan are as follows:

- **Parties to the contract:** The full names and details of the employer and the employee should be indicated.
- **Subject matter of the contract:** This describes the specific job function that the employee must perform.
- **Place of work:** The place where the employee will perform their duties is indicated.
- **Term of the contract:** This may be for an indefinite term or for a definite period.
- **Labour conditions:** Describes the work regime, working hours, breaks, remuneration, social guarantees and other conditions stipulated by the legislation and collective agreement.
- **Duties of the parties:** The rights and duties of both the employer and the employee are defined.
- **Liability of the parties:** Liability measures for breach of contractual terms and conditions are established.
- **Dispute resolution procedure:** The labour dispute resolution procedure is defined.
- **Procedure for amendment and cancellation of the contract:** The conditions under which the contract may be amended or cancelled are specified.
- **Additional terms and conditions:** Other terms and conditions not contrary to the law may be included.

The Labour Code of the Republic of Kazakhstan is the main regulatory legal act governing labour relations.

It is important to note that all provisions of the employment contract must comply with the requirements of the Labour Code.

## **Visas, Work and Residence Permits in Kazakhstan**

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For foreign nationals wishing to work or reside in Kazakhstan, it is necessary to comply with certain rules and obtain the relevant documents.

Individuals who enter the Republic of Kazakhstan without a visa are permitted a **period of temporary stay** of up to 30 calendar days and which must not exceed 90 calendar days within a 180-day period, unless an alternative arrangement is agreed by the government of the Republic of Kazakhstan.

For citizens of Australia, the United States, Austria, Bahrain, Belgium, Bulgaria, the UAE, Vatican City, Vietnam, Germany, Greece, Denmark, New Zealand, Japan, Israel, Ireland, Iceland, Spain, Indonesia, Italy, Canada, Qatar, Cyprus, Colombia, South Korea, the United Kingdom and others, visa requirements for Kazakhstan vary. Many of these nationalities can enter Kazakhstan visa-free for short stays (usually 30 days or less), but longer stays or specific purposes like business may require a visa.

Citizens of Iran, China and India may enter and leave the Republic of Kazakhstan without visas if the period of their stay does not exceed 14 calendar days and does not exceed 42 calendar days within a 180-day period.

Kazakhstan's visa regime provides for various types of visa that are issued to foreign citizens and stateless persons for entry, stay and exit from the territory of the Republic of Kazakhstan. The choice of a particular type of visa depends on the purpose of the visit, duration of stay and other factors.

The main types of visa are:

- tourist visa;
- business visa;

- student visa;
- work visa;
- private visa;
- visa for ethnic Kazakhs;
- humanitarian visa; and
- transit visa.

Since 1 January 2019, citizens of 117 countries can obtain a single-entry visa on an invitation issued by the migration service of Kazakhstan. E-visas are available to citizens of designated countries for business or tourist purposes, and e-visas for medical purposes are available for 23 countries. E-visa holders must arrive via Nursultan Nazarbayev International Airport or Almaty International Airport. In addition to visas, there are other types of residence permit for foreigners in Kazakhstan, including temporary residence permits.

Citizens of Eurasian Economic Union (EAU) countries have certain privileges in obtaining work and residence permits. They can enter Kazakhstan without a visa and carry out labour activities following a notification by the employer to the migration service.

In order to protect the domestic labour market, a quota applies for the recruitment of foreign workers for labour activity in the territory of the Republic of Kazakhstan.

Employers must notify the local executive authorities in the relevant region of any need for foreign workers by 1 October each year.

For the issuance and/or extension of a permit, employers are charged a tax levy ('the levy') according to the rates of the levy for the issuance and/or extension of a permit to attract foreign workers to the Republic of Kazakhstan.

## Social Protection in Kazakhstan

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The Social Protection Programme in Kazakhstan is a set of measures aimed at supporting citizens during difficult life situations or with limited opportunities. The aim of the programme is to ensure social stability, reduce poverty and improve the quality of life of the population.

For these purposes, the state guarantees pensions for old age, disability and the loss of the breadwinner. The pension system includes both state and funded components.

In addition, citizens entitled to state social assistance are paid unemployment benefits, temporary disability benefits, child benefits and special state benefits for certain categories of citizens.

Low-income families and single citizens are also supported through targeted social assistance. Social services are provided to citizens in need of assistance in residential institutions (nursing homes, residential homes) or at home. The state also provides support to families with children, including large families.

In recent years, Kazakhstan's social protection system has undergone significant changes aimed at improving its effectiveness and accessibility. The main changes include:

- **Strengthening the targeting of social assistance:** New criteria for determining need have been introduced, which makes it possible to allocate resources more precisely.

- **Development of social services:** The range of social services provided at home and in residential institutions is expanding.
- **Digitalisation:** Digital technologies are being actively introduced to facilitate access to social services.

## Prevention of Occupational Risks in Kazakhstan

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In Kazakhstan, active measures are in place to ensure the safety and health of workers. The country's legislation obliges employers to create safe working conditions and take measures to prevent occupational risks.

Measures to prevent occupational risks in Kazakhstan include occupational risk assessment, development and implementation of occupational safety action plans, employee training, provision of personal protective equipment, regular inspections of the technical condition of equipment, monitoring of compliance with occupational safety requirements, establishment of an occupational safety service, cooperation with trade unions and legislative regulation.

## Civil and Commercial Legislation in Kazakhstan

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Civil and commercial legislation in Kazakhstan is a set of legal norms regulating property and personal non-property relations arising between individuals and legal entities in the course of civil interactions. It plays a key role in developing a market economy, protecting the rights and legitimate interests of participants in civil legal relations, and ensuring the stability and predictability of civil interactions.

The main codified act defining general principles of civil law and regulating a wide range of civil legal relations is the **Civil Code of the Republic of Kazakhstan**. Special laws regulate certain areas of civil interactions, while resolutions of the government of the Republic of Kazakhstan and orders of ministries and departments specify and supplement the provisions of the laws.

Equality of participants in civil legal relations, freedom of contract, inviolability of property and inadmissibility of arbitrary interference of anyone in private affairs – all these together constitute the principles of civil legislation.

The scope of regulation of civil and commercial law is quite broad. For example, property rights, transactions, intellectual property, family law, land law, business and taxes, health and education law, labour relations and business reputation are all governed by civil law, and this is by no means an exhaustive list.

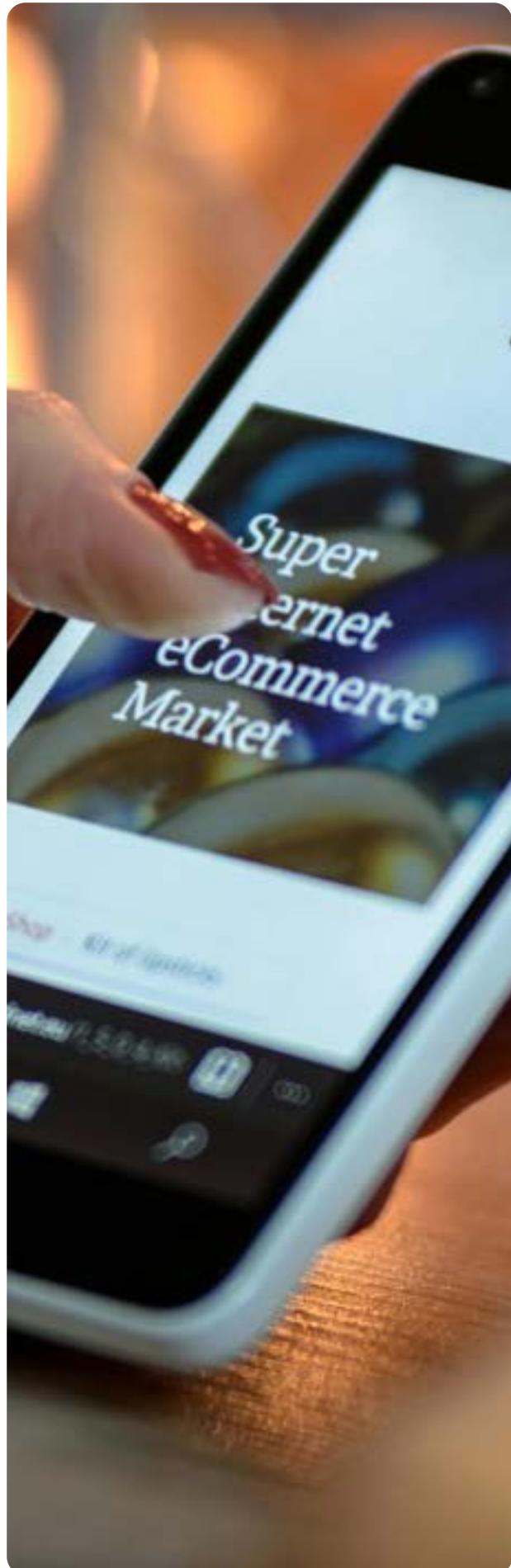
Kazakhstan is actively integrating into the global economic community, and national legislation is being brought into line with international standards. Kazakhstan's civil and commercial legislation plays an important role in the development of a market economy and the protection of the rights and legitimate interests of citizens and legal entities. Continuous improvement of legislation is aimed at creating favourable conditions for doing business and strengthening the rule of law.

# E-business in Kazakhstan

## Personal Data Protection

Kazakhstan is actively developing its legislation in the field of digital technologies. Laws on personal data protection create a legal basis for the development of the digital economy and protect the rights and interests of participants in digital relations. However, as in any developing area, legislation requires continuous improvement to adapt to new technologies and challenges.

The law on personal data protection aims to ensure the confidentiality and security of citizens' personal data. It establishes rules for the collection, storage, processing and transmission of personal data, defines the rights of personal data subjects (including the right to access their data, the right to correct incorrect data and the right to object to data processing), imposes obligations on personal data operators to ensure the security of personal data and to notify the authority of violations, ensures the protection of the rights and freedoms of citizens in the digital environment and promotes trust in information systems.



# Reference Websites

## Useful Links and Reference Websites

State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan	<a href="https://kgd.gov.kz/en">https://kgd.gov.kz/en</a>
National Bank of the Republic of Kazakhstan	<a href="https://nationalbank.kz/en">https://nationalbank.kz/en</a>
Agency of the Republic of Kazakhstan for Regulation and Development of Financial Markets	<a href="https://www.gov.kz/memleket/entities/ardfm?lang=en">https://www.gov.kz/memleket/entities/ardfm?lang=en</a>
National Chamber of Entrepreneurs of the Republic of Kazakhstan 'Atameken'	<a href="https://atameken.kz/en/">https://atameken.kz/en/</a>
Economist Intelligence Unit	<a href="https://country.eiu.com/kazakhstan">https://country.eiu.com/kazakhstan</a>



# Reference Legislation

## Relevant Domestic Legislation

- Civil Code of the Republic of Kazakhstan
- Law No. 6-I dated 10 June 1996 on copyright and related rights
- Law No. 456 dated 26 July 1999 on trademarks, service marks, geographical indications and appellations of origin of goods
- Law No. 274-IV dated 4 May 2010 on consumer protection
- Entrepreneurial Code of the Republic of Kazakhstan No. 375-V dated 29 October 2015
- Law No. 415 dated 13 May 2003 on joint stock companies
- Law No. 220-1 dated 22 April 1998 on limited and additional liability partnerships
- Law No. 2486 dated 5 October 1995 on production cooperative
- Law No. 2198 dated 17 April 1995 on state registration of legal entities and record registration of branches and representative offices
- Law No. 461 dated 2 July 2003 on securities market
- Code of the Republic of Kazakhstan No. 120-VI dated 25 December 2017 on taxes and other obligatory payments to the budget (Tax Code)
- Law No. 310 dated 26 July 2007 on state registration of rights to immovable property
- Labour Code of the Republic of Kazakhstan No. 414-V dated 23 November 2015
- Social Code of the Republic of Kazakhstan No. 224-VII dated 20 April 2023
- Law No. 477-IV dated 22 July 2011 on migration of population
- Resolution of the Government of the Republic of Kazakhstan No. 148 dated 21 January 2012 on approval of the rules of entry and stay of immigrants in the Republic of Kazakhstan, as well as their departure from the Republic of Kazakhstan and the rules of migration control, as well as accounting of foreigners and stateless persons illegally crossing the state border of the Republic of Kazakhstan, illegally staying in the territory of the Republic of Kazakhstan, as well as persons who are prohibited to enter the territory of the Republic of Kazakhstan
- Joint Order of the Acting Minister of Foreign Affairs of the Republic of Kazakhstan No. 11-1-2/555 dated 24 November 2016 and the Minister of Internal Affairs of the Republic of Kazakhstan No. 1100 dated 28 November 2016 on approval of the rules for issuance of invitations, approval of invitations for entry of foreigners and stateless persons to the Republic of Kazakhstan, issuance, cancellation, restoration of visas of the Republic of Kazakhstan, as well as extension and reduction of their validity
- Law No. 94 dated 16 April 1997 on housing relations
- Law No. 401-V dated 16 November 2015 on access to information
- Law No. 94-V dated 21 May 2013 on personal data and their protection
- Law No. 418-V dated 24 November 2015 on informatisation.

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