

## **Contributors belonging to socially vulnerable categories have the right to recalculate taxable income and return IIT**

*The deadline for filing documents for reimbursement has been extended to 5 years*

The new Tax Code of the Republic of Kazakhstan will enter into force on January 1, 2026. At the same time, amendments have been made to the **current** Tax Code that affect the interests of UAPF beneficiaries and contributors who belong to **socially vulnerable categories** and have used lump sum pension benefit payments to improve housing conditions and (or) pay for medical treatment (LSPBP)

### *What changes have been made?*

Individuals belonging to socially vulnerable groups are entitled to apply standard tax deductions to taxable income in the form of lump-sum pension benefit payments. Many of them, when withdrawing LSPBP for housing and (or) medical treatment, paid individual income tax (IIT) immediately upon making the payment. At the same time, from January 1, 2024, **standard tax deductions (up to 882 MCI<sup>1</sup>)** are applied to the taxable income of such people in the form of LSPBP. This means that recipients belonging to this category can apply with a corresponding application and supporting documents to the UAPF to apply for recalculation and refund of IIT within three years from the date of receiving LSPBP. However, those **who withdrew LSPBP in 2021-2022** for various reasons did not have time to do this. Now, in connection with the adoption of amendments and additions to the Tax Code of the Republic of Kazakhstan, from July 15, 2025, the limitation period established for such appeals from individuals has been **increased from 3 to 5 years**.

### *Who is eligible for IIT refund?*

The list of individuals entitled to a refund of IIT is defined by the current Tax Code. These are individuals with disabilities of the first, second or third groups, one of the parents or guardians of children with disabilities, one of the adoptive parents, foster parents of orphans, veterans of military events and other categories. The full list of persons is in Article 346 of the Tax Code.

### *Where should you apply?*

Beneficiaries who, when determining taxable income under the LSPBP, standard tax deductions, if eligible, were not applied, must urgently **contact the nearest UAPF branch office** with an application and supporting documents for the application of standard tax deductions to recalculate income and reimburse IIT.

After applying the standard tax deduction, the IIT **will be returned to the beneficiary's individual pension savings account** if it was withheld. If deferred IIT was chosen, then the obligation to pay it will be removed upon receipt of monthly pension payments.

These **changes will be valid until December 31, 2025** (inclusive), since the new Tax Code of the Republic of Kazakhstan comes into force on January 1, 2026.

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<sup>1</sup> Monthly calculation indicator

*For reference. According to the current Tax Code, pension payments from UAPF are classified as income subject to individual income tax (IIT) at a rate of 10% in accordance with the Tax Code of the Republic of Kazakhstan. IIT is withheld collectively for all types of pension benefits formed from compulsory pension contributions (CPC), compulsory occupational pension contributions (COPC), and voluntary pension contributions (VPC). The same rules apply to lump-sum pension benefit payments (LSPBP) from UAPF for the purpose of improving housing conditions and/or paying for medical treatment.*

**Lump sum pension benefit payment (LSPBP)** is the amount of pension savings formed by compulsory pension contributions (and until 01.07.2023, by compulsory occupational pension contributions), withdrawn by the contributor (beneficiary) from the UAPF in order to improve housing conditions and (or) pay for medical treatment in the manner established by the Social Code of the Republic of Kazakhstan.

Let us remind you that there are two ways to withhold IIT: immediately upon receipt of the LSPBP and with a delay until retirement. According to the law, the tax agent that calculates the IIT is the UAPF, which can withhold the tax in two ways, depending on the choice of the individual:

- o 10% of the LSPBP amount is withheld immediately upon payment.

- o 10% of all used pension savings are withheld after the beneficiary retires. In this case, the tax amount is divided into equal parts and deducted from the beneficiary's monthly pension benefits for a maximum of sixteen years.

How to withhold IIT is decided only by the beneficiary of the LSPBP when submitting an application to the authorized operator.

UAPF was founded on August 22, 2013 on the basis of GNPf APF JSC. The founder and shareholder of the UAPF is the Government of the Republic of Kazakhstan represented by the State Institution Committee of State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan. Trust management of UAPF pension assets is carried out by the National Bank of the Republic of Kazakhstan. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, employer's compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, as well as carries out enrollment and accounting of voluntary pension contributions formed at the expense of the unclaimed amount of guaranteed compensation for the guaranteed deposit, transferred by the organization carrying out mandatory guarantee of deposits, in accordance with the Law of the Republic of Kazakhstan "On mandatory guarantee of deposits placed in second-tier banks of the Republic of Kazakhstan", ensures the implementation of pension benefits. The Fund also carries out accounting of target assets and target requirements, accounting and crediting of target savings (TS) to target savings accounts, payments of TS to their recipients in bank accounts, accounting for returns of TS in the manner determined by the Government of the Republic of Kazakhstan within the framework of the National Fund for Children program (More details at [www.enpf.kz](http://www.enpf.kz))