

Category: Changes 2026

ANNOUNCEMENT

From January 1, 2026, pension benefits from UAPF are exempt from IITs

Effective January 1, 2026, according to the new Tax Code, income in the form of pension benefits and lump sum pension benefit payments for housing/medical expenses (LSPBP) from the UAPF is **exempt** from individual income tax (IIT), with the exception of pension benefits made to non-residents of the Republic of Kazakhstan.

How was it?

Previously, all pension benefits, including LSPBP from the UAPF, were considered income subject to IIT at a 10% withholding rate. Pension contributions were transferred to individual pension savings accounts before tax, and IIT was withheld upon payment. Adjustments and tax deductions were taken into account.

When using lump sum pension benefit payments for housing/medical expenses, IIT was also withheld. There were two options for withholding: immediately upon receipt of the LSPBP or deferred until scheduled payments were made.

How will this be implemented starting January 1, 2026?

IIT is not withheld from all types of pension benefits, except in cases where the beneficiary is a non-resident of the Republic of Kazakhstan, and will not be withheld from the LSPBP.

The changes also include the **cancellation of accrued IIT obligations** from the LSPBP for housing/medical expenses deferred until retirement, **effective January 1, 2026**, but do not provide for a refund of previously paid taxes.

Individuals belonging to socially vulnerable groups are entitled to tax deductions up to 882 times the monthly calculated indicator in effect as of January 1 of the relevant financial year for taxable income in the form of lump-sum pension benefit payments. These include individuals with disabilities of the first, second, or third groups; one parent or guardian of a child with a disability; one adoptive parent or foster parent of orphans; combat veterans; and other categories. A full list of eligible individuals is available in Article 404 of the Tax Code of the Republic of Kazakhstan. If recipients in this category paid the IIT immediately when using the LSPBP, they can submit a corresponding application and supporting documents to the UAPF for recalculation and reimbursement of the IIT in accordance with the new Tax Code **within three years** from the date of receipt of the LSPBP.

What else will change?

The changes also include the abolition, effective January 1, 2026, of tax deductions on voluntary pension contributions made to one's own account, which are applied to income subject to withholding tax at source in the amounts established by the Tax Code.

However, the provision that voluntary pension contributions transferred by a tax agent to the UAPF for an employee are not considered personal income (and therefore not subject to IIT) remains in place, while such expenses are deductible for employers when calculating corporate income tax. This means that in this case, both the employee and the employer receive tax benefits.

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)