**Questions about UAPF**

**From January 1, 2024, the savings system of Kazakhstan has been supplemented with a new component – employer's compulsory pension contributions (ECPC).**

1. ***From what funds is ECPC paid? How much and how will contributions change?***

- From January 1, 2024, the pension system of Kazakhstan has been supplemented with a new component – employer's compulsory pension contributions (ECPC). Now every employer is obliged to transfer to the UAPF, in addition to the mandatory 10 percent contributions from the employee's income, additional contributions from their own funds in favor of their employees. We emphasize: payment of contributions is made from the employer's funds, but their size is calculated from the employee's income. In 2024 it is 1.5 percent. Every year until 2028, the contribution will increase by 0.5% and in 2028 will be 5%:

• from 2024 - 1.5 percent;
• from 2025 - 2.5 percent;
• from 2026 - 3.5 percent;
• from 2027 - 4.5 percent;
• from 2028 - 5 percent.

Important point: ECPC will only be transferred for employees born after January 1, 1975. In this case, the employee's monthly income must not be lower than the minimum wage and must not exceed 50 times the minimum wage.

For tax agents who choose to pay ECPC as part of a single payment, the ECPC share in the rate of a single payment from wages is

- from January 1, 2024 – 7.0 percent;
- from January 1, 2025 – 10.5 percent;
- from January 1, 2026 – 14.1 percent;
- from January 1, 2027 – 17.4 percent;
- from January 1, 2028 – 19.0 percent.

Let us remind you that a single payment can be used by individual entrepreneurs and legal entities that are micro and small businesses that operate under special tax regimes.

2. ***For what purpose was the decision to implement ECPC made?***

- The idea of introducing compulsory employer pension contributions has been discussed in the country over the past few years. It is laid down in the *Concept for further modernization of the pension system of the Republic of Kazakhstan until 2030*, adopted back in 2014. In world practice, joint responsibility for pension provision for citizens is distributed between the state, employer and employee. And the participation of the employer in the payment of pension contributions is a classic model for implementing the principle of social responsibility of business for the pension provision of employees. With the introduction of the ECPC, individual pension savings of working Kazakhstanis will be replenished by new employer's compulsory pension contributions, which will provide workers born in 1975 and later with a higher level of pensions, given that this category does not have joint work experience before 1998 or their length of service in the solidarity system is insignificant. Their pension will consist of three components: a basic pension from the state, a funded pension from their contributions to the Unified Accumulative Pension Fund, and a conditionally funded pension from contributions from employers. The norm will come into full effect in 2028, when compulsory contributions reach 5 percent.

3. ***Will the introduction of ECPC be a burden for the employer?***

- The introduction of the new component (ECPC) was postponed several times due to the introduction of other mandatory payments. All this time, the burden on entrepreneurs was distributed evenly and they were given the opportunity to prepare their businesses to pay compulsory pension contributions from their budget. Now the additional payment for employees is not introduced at once, but gradually: starting from one and a half percent of the employee's income in 2024 to 5 percent by 2028. Also, in accordance with the Tax Code, the amount of ECPC paid is deducted when determining taxable income, that is, the burden on the business remains at an acceptable level.

### *4. How can employers transfer ECPC?*

- Payment of ECPC is made by the agent (employer), unless he has chosen a special tax regime, as well as payment of compulsory pension contributions, compulsory occupational pension contributions, no later than the 25th day of the month following the month of payment of income. Individuals engaged in private entrepreneurship who do not have accounts in banks and organizations carrying out certain types of banking operations, deposit ECPC in cash to the bank for their subsequent transfer to the UAPF. Withheld (accrued) ECPC are transferred to the State Corporation using the following details:

| Description | Details |
|---|---|
| **Beneficiary** | **SC "Government for Citizens" NJSC** |
| **Bank of Beneficiary** | **SC "Government for Citizens" NJSC** |
| **BIC of Beneficiary** | **GCVPKZ2A** |
| **IIC of Beneficiary** | **KZ12009NPS0413609816** |
| **BIN of Beneficiary** | **160440007161** |

**PPC:**

| PPC | Name of payment purpose code |
|---|---|
| **КНП 089** | **Employer's compulsory pension contributions** |
| **КНП 098** | **penalty for late payment of Employer's compulsory pension contributions** |

### *5. Where to go if an employer violates the ECPC deduction rules?*

- The Social Code clearly defines the obligation for employers to pay compulsory pension contributions exclusively from their own funds. Contributors will be able to see the receipt of this type of contribution in the statement from the individual pension savings account, which provides information on all types of contributions.

Control over the timeliness and completeness of payment of compulsory pension contributions by the employer is entrusted to the State Revenue Committee. If the employer commits any violation against the employee, it is necessary to contact the State Revenue Committee.