

ANNOUNCEMENT Innovations for 2023

From 01.01.2023, a single payment has been introduced in Kazakhstan.

A new Chapter 89-1 "Single Payment" has been added to the Tax Code since 2023.

A single payment from wages can be used by individual entrepreneurs and legal entities that are subjects of micro and small businesses that operate under special tax regimes (STR):

- STR based on simplified declaration;
- STR for agricultural producers

They also act as tax agents in terms of transferring a single payment from the income of employees.

Single payment includes:

- IIT from the income of employees,
- Compulsory pension contributions (CPC),
- Social security contributions,
- contributions and deductions for compulsory social health insurance..

The single payment rate is:

from January 1, 2023 - 20.0 percent;
from January 1, 2024 - 21.5 percent;
from January 1, 2025 - 23.8 percent;
from January 1, 2026 - 24.8 percent;
from January 1, 2027 - 25.8 percent;
from January 1, 2028 - 26.3 percent.

For single payment payers, the share of CPC in the single payment rate is:

from January 1, 2023 - 50.0%;
from January 1, 2024 - 46.5%;
from January 1, 2025 - 42.0%;
from January 1, 2026 - 40.3%;
from January 1, 2027 - 38.8%;
from January 1, 2028 - 38.0%.

The term for transferring the single payment is monthly no later than the 25th day following the reporting one - through second-tier banks or organizations engaged in certain types of banking operations, to the bank account of the State Corporation "Government for Citizens".

The introduction of the single payment should make it easier for small businesses working on STR to pay taxes and other compulsory payments, which will now be carried out in one payment order. It is also a plus that in aggregate the total amount of this payment is less than with separate payment. At the same time, the tax agent in the relevant declaration independently determines the unified procedure for taxing the income of employees subject to taxation at the source of payment. The chosen procedure for taxing the income of employees subject to taxation at the source of payment in the initial or next declaration is not subject to change during the tax period.

Also, the changes affected paragraph 3 of article 16 of the Law of the Republic of Kazakhstan dated June 21, 2013 *On pension provision in the Republic of Kazakhstan* in terms of increasing from January 1, 2023 the maximum income used to calculate pension benefits by age (solidarity pension) from 46 to 55 monthly calculation index (MCI), which will affect both pensioners newly entering the system and those already held.

At the same time, for pensioners who retired before January 01, 2023, the recalculation of the pension will affect only those persons whose average income for 3 years for calculating the amount of the pension was above 46 MCI.

The minimum amount of the basic pension has also been increased, now it is 24,341 tenge (60% of the subsistence minimum, which is 40,567 tenge in 2023).

In 2022, the minimum basic pension was 20,191 tenge (54% of the subsistence minimum, which was 37,389 tenge in 2022).

In addition, as already reported, from January 1, 2023, benefit payments from the UAPF to pensioners who retired after January 1, 2018 were increased by 5%.

As a result, since the beginning of the year, the total amount of pensions of Kazakhstanis has increased.

Another of the innovations - from January 01, 2023 to January 01, 2028, the retirement age for women is 61 years.

The UAPF was established on August 22, 2013 on the basis of GNPf APF JSC. The UAPF founder and shareholder 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. UAPF pension assets are managed by the National Bank of the Republic of Kazakhstan. From January 1, 2016, the functions for developing proposals to improve the management of pension assets were transferred to the National Fund Management Council. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, pension benefits, individual accounting of pension accumulations and benefits, provides the contributor (beneficiary) with information on the status of his pension accumulations (for more information visit www.enpf.kz)