

UAPF reminds about changes in tax legislation

Current issues

1) *What changes have been made to the current Tax Code regarding the timeframes for applying tax deductions to income in the form of a lump-sum pension benefit payment for individuals belonging to socially vulnerable categories?*

As is known, when using the lump-sum pension benefit payment (LSPBP) for housing or medical treatment, according to current tax legislation, the individual income tax (IIT) can be paid at the contributor's discretion: immediately upon receipt of the IIT or deferred until the scheduled pension payments are made. At the same time, starting January 1, 2024, individuals belonging to socially vulnerable groups are entitled to **standard tax deductions** (up to **882 minimum monthly calculation indices**¹) on IIT income. In this case, beneficiaries belonging to socially vulnerable groups can submit a corresponding application and supporting documents to the UAPF for recalculation and refund of the IIT withheld. Previously, the deadline for submitting such documents was three years, and some individuals withdrew their IIT in 2021-2022 and, for various reasons, did not have time to do so. On July 15, 2025, amendments and additions were made to the **current Tax Code**, which extended the statute of limitations established for applications from individuals of certain categories for the return of personal income tax from **3 to 5 years**.

2) *Please clarify who is entitled to an income recalculation and a individual income tax refund? Where should I apply?*

The list of individuals eligible for **recalculation of taxable income** and personal income tax is defined by the current Tax Code of the Republic of Kazakhstan. These include 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 or foster parents of orphans, combat veterans, and other categories. The full list of individuals is provided in paragraphs 2) and 3) of Article 346 of the Tax Code of the Republic of Kazakhstan.

Pension beneficiaries who were not eligible for standard tax deductions when determining their taxable income under the LSPBP **must urgently – by December 31, 2025 (inclusive) – contact their nearest UAPF branch office** with an application and supporting documents (if the Central Bank of Kazakhstan has information confirming the beneficiary's established disability, the provision of relevant supporting documents is not required) to apply for standard tax deductions for income recalculation and individual income tax reimbursement.

3) *How will the IIT be refunded if I submit a timely application? How long will the adopted changes be valid?*

After applying the standard tax deduction, the individual tax deduction will be returned to the beneficiary's individual pension savings account if it was withheld. If the deferred individual tax deduction was chosen, then after January 1, 2026, the obligation to pay it when receiving monthly pension benefits will be cancelled.

¹ Месячный расчетный показатель

The extension of the statute of limitations for certain categories of individuals seeking individual income tax refunds will be **in effect until December 31, 2025**, inclusive, as the new Tax Code of the Republic of Kazakhstan will come into effect on January 1, 2026, and the statute of limitations will again be three years.

Therefore, everyone who received the LSPBP in 2021-2022 and is eligible for standard tax deductions is advised not to delay and take advantage of this right promptly!

If you have any questions, please contact the Call Center: 1418 (toll-free within Kazakhstan), 8 (727) 356 10 60 (long-distance and international calls).

4) *I am a person with a Group 2 disability and submitted documents to the UAPF for a tax refund. Please clarify why the full amount of the LSPBP tax of 5,000,000.00 tenge with the deferred payment of the individual income tax was not refunded?*

As a reminder, according to current tax legislation, when using lump sum pension benefit payments (LSPBP) to improve housing conditions or pay for medical treatment, the individual income tax (IIT) can be paid at the contributor's discretion: immediately upon receipt of the LSPBP or deferred until the pension payments are scheduled. Effective January 1, 2024, individuals in socially vulnerable categories are entitled to apply standard tax deductions to their LSPBP income.

The amount of taxable LSPBP income from the UAPF is determined as follows:

The amount of tax deductions specified in the relevant articles of the Tax Code is subtracted from the LSPBP income. The resulting balance is taxable income. For example, if a contributor's income in the form of LSPBP in 2021 was 5,000,000.00 tenge with a tax liability of 500,000.00 tenge (5,000,000.00 * 10%), then applying standard tax deductions of 882 MCI for 2021 in the amount of 2,572,794.00 tenge (882 * 2,917.00 tenge) will result in a downward adjustment of the tax liability.

Therefore, the remaining tax liability (deferred IIT) will be 242,720.60 tenge, calculated as follows:
((5,000,000.00 - 2,572,794.00) * 10%).

If you are already receiving pension benefits from the UAPF and the deferred individual income tax amount has already been fully or partially withheld and transferred to the budget, a refund will be issued based on the tax refund documents submitted to the UAPF, and the refunded personal income tax will be paid, with the remaining debt adjusted to a maximum of 882 MCI.

Remaining tax liabilities as of January 1, 2026, will be cancelled in January 2026 due to the entry into force of the new Tax Code.

5) *My spouse has a Group 2 disability, and after applying standard tax deductions, he still has tax liabilities. Could you please clarify what will happen to the remaining tax liabilities?*

Effective January 1, 2026, Tax Code of the Republic of Kazakhstan No. 214-VIII ZRK, dated July 18, 2025, will come into effect. It provides for an exemption from withholding individual income tax on income in the form of pension benefits from the UAPF and lump-sum pension benefit payments for individuals resident in the Republic of Kazakhstan.

All tax liabilities for deferred personal income tax from the LSPBP held by UAPF contributors (recipients) as of January 1, 2026, will be cancelled.

6) For which categories of individuals is the personal income tax exemption abolished starting in 2026, and for which types of pension payments? Is it possible to refund previously withheld personal income tax from the LSPBP if I am not eligible for a benefit?

Under the provisions of the new Tax Code, effective January 1, 2026, the individual income tax will not be withheld from all types of pension benefits, except in cases where the beneficiary is a non-resident of the Republic of Kazakhstan, and will also not be withheld from the LSPBP. This means that pension benefits from the UAPF and lump-sum pension benefit payments to individuals who are residents of the Republic of Kazakhstan will not be subject to the individual income tax.

The provisions of the new Tax Code do not provide for the refund of previously withheld individual income tax, therefore, if the contributor pays the individual income tax in a lump sum, it will not be refunded.

7) I have a Group 2 disability, which was assigned in November 2024. Please clarify why I was denied an income recalculation and a personal income tax refund from the LSPBP, which I made in 2022 and 2023.

According to the current Tax Code, standard deductions are applied in the calendar year in which the basis for applying these tax deductions arose, exists, or existed.

UAPF is not entitled to apply standard tax deductions to LSPBPs made in 2022 and 2023 because you were not considered disabled at the time you received LSPBP income.