
REVIEW OF SELECTED AMENDMENTS TO THE LEGISLATION OF KAZAKHSTAN

Dear colleagues,

We bring to your attention a review that outlines certain amendments and additions to the Tax Code of Kazakhstan, as well as to the Labor Code of Kazakhstan.

If you have any additional questions, please contact us at your convenience.

Amendments to the Kazakhstan Tax Code (1):

On June 24, 2021, the President of the Republic of Kazakhstan signed Law "On Amendments and Addenda to the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (the Tax Code) and Law of the Republic of Kazakhstan "On Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (the Tax Code)".

The amendments and additions are expected to enter into force ten calendar days after the date of the first official publication of these changes and additions, while some norms will enter into force retrospectively.

The main planned changes:

- ❑ A tax debt limit of 6 MCI is established, below which the tax authorities will not have the right to suspend debit bank operations on the bank accounts of taxpayers;
- ❑ Second-tier banks are authorized to resume debit transactions immediately after the taxpayer has repaid the tax debt. Previously, the bank account could be used after receiving confirmation from the tax authority in one to three working days;
- ❑ From 2022, a special tax regime using a mobile application for certain types of activities and subject to certain conditions will be introduced. It will simplify registration, termination of activities and fulfillment of tax obligations of the taxpayer. The regime can only be applied by individual entrepreneurs operating under the simplified tax return regime;

Amendments to the Kazakhstan Tax Code (2):

- ❑ Exemption from CIT on profits invested by small businesses in new fixed assets. The norm is introduced in order to stimulate production and increase investments in manufacturing industries;
- ❑ Newly registered businesses will be allowed to reduce VAT on their products by 70%. The tax reduction is provided for 2 years after the registration of the enterprise. In this case, the goods produced must meet the criteria of sufficient processing and be confirmed by a certificate of origin in accordance with the laws of the Republic of Kazakhstan;
- ❑ A "digital mining fee" is to be introduced. The fee is charged for electricity consumed during digital mining. The authorized body in the field of information security shall submit information about the payers of the fee to the tax authorities;
- ❑ An employer's expenditures to provide employees with personal protective equipment will not be considered taxable income of employees;
- ❑ There are measures of tax support for subjects of social entrepreneurship: a reduced rate of property tax; the cost of training employees is deducted double when paying corporate income tax.

Amendments to the Labor Code of Kazakhstan (1):

On June 24, 2021 the Senate of the Republic of Kazakhstan passed a bill "On amendments and additions to the Labor Code of the Republic of Kazakhstan on improvement of the legal regulation of remote work.

The bill has been submitted for signature to the President of the Republic of Kazakhstan. Amendments and additions are supposed to come into force after ten calendar days after the first official publication of such changes and additions.

The main planned changes in the part of distant work:

- The terms of the Labor Code are supplemented with such new notions as "combined remote work" and "temporary remote work".

Thus, during a state of emergency or martial law, declaration of a state of emergency or introduction of other restrictive measures, including quarantine, by decision of state authorities or their officials, as well as in other exceptional cases that endanger life or health of employees, the employer has the right to temporarily establish remote work or combined remote work with specification of reasons until the above-mentioned cases are eliminated by the employer's act.

Regardless of the above situations, the parties may, by agreement, provide for the implementation of the work process by alternating periods of work performance both at the location of the employer, the receiving party and their facilities, as well as through distant work;

- Introduction of a new method of interaction between employer and employee using "notification", which, inter alia, means a form of electronic document certified by an electronic digital signature with the provision of authorization, identification of the employee or the employer;

Amendments to the Labor Code of Kazakhstan (2):

- ❑ In the labor contract for remote work, there is an option not to specify the place of work, except for combined remote work. Also, the labor contract or a separate agreement in remote work establishes the condition of preservation and non-disclosure of the employer's information (information of the receiving party).
- ❑ The requirements and conditions of availability of the employee for communication with the employer within the working hours in compliance with the restrictions of daily working hours are determined.

In addition, the guarantee of payment of remuneration for remote work in full in case of performance of the scope of work stipulated by the labor contract and the employer's act depending on the employee's qualifications, complexity and quality of the work performed was established;

- ❑ The norm of sending an employee engaged in remote work on a business trip was clarified, according to which the employee is sent on a business trip from the place of actual performance of his/her labor duties;
- ❑ Specific responsibilities of the employer and the host party to ensure the safety and labor protection of employees in remote work are explicitly enshrined;
- ❑ Established the procedure for electing and empowering elected employee representatives, considering the possibility of remote voting.

