

# How to do business in Kazakhstan

## Legal considerations

UK companies should seek professional legal advice when entering into agreements in Kazakhstan. For legal advice please visit: [www.mwp.kz](http://www.mwp.kz) or visit the GOV.UK website for a list of English-speaking law firms in Kazakhstan: [www.gov.uk/government/publications/kazakhstan-list-of-lawyers-translators](http://www.gov.uk/government/publications/kazakhstan-list-of-lawyers-translators)

*(Source – UKTI)*

## Standards and technical regulations

As a member of both the International Organization for Standardization (ISO) ([www.iso.org/iso/home/standards.htm](http://www.iso.org/iso/home/standards.htm)) and the International Laboratory Accreditation Cooperation (ILAC), Kazakhstan is gradually adopting international standards. The Committee on Technical Regulation and Metrology (Gosstandart) ([www.memst.kz/en/](http://www.memst.kz/en/)) is responsible for technical regulation in Kazakhstan, and product certification is managed by the government-owned National Center of Expertise and Certification ([www.naceks.kz/en/](http://www.naceks.kz/en/)), who have created a hologram displaying the word 'Memstandard', which has been introduced as a symbol of compliance. Product manufacturers or sellers who obtain a certificate of conformity, can use a mark of conformity.

The majority of products imported into Kazakhstan should be labelled in both Kazakh and Russian.

### **Labels should include:**

- product name
- manufacturer
- country of origin
- information on date of production
- period of validity
- storage conditions
- usage

It is possible that for certain activities, your partner may need to obtain licences and/or certificates from state authorities.

*(Source – UKTI)*

### Recruiting and retaining staff

It is recommended that companies recruit local staff who have previous experience of working with other Western companies, or who have been educated in the West.

Regardless of the high level of unemployment in Kazakhstan, recruitment can be a problem, especially when looking for skilled and semi-skilled candidates who speak fluent English. There is a poor standard of vocational education in Kazakhstan, with skill training and development often designated to individual employers. There are however, many established reputable recruitment agencies in Kazakhstan. *(Source – UKTI)*

### Intellectual property (IP)

The National Institute of Intellectual Property (Kazpatent) is responsible for intellectual property.

Although Kazakhstan is a signatory and involved in the majority of prominent international agreements and conventions with a focus on intellectual property, enforcement of the law is weak.

It is strongly advised that you consult with lawyers and market entry specialists in order to formulate a strategy for protecting your IP, prior to entering the market.

For more information, please visit: [www.kazpatent.kz/index.php/en](http://www.kazpatent.kz/index.php/en) *(Source – UKTI)*

### Tax considerations

A double taxation agreement between the UK and Kazakhstan has been signed: [www.hmrc.gov.uk/manuals/dtmanual/dt11050+.htm](http://www.hmrc.gov.uk/manuals/dtmanual/dt11050+.htm). There is also an agreement for the promotion and protection of investments.

**Basic taxes** Entrepreneurial activity of a foreign investor is usually subject to the following taxes and duties:

- Corporate income tax (CIT)
- Individual income tax (IIT)

- Mineral extraction tax (MET)
- Tax on excess profit
- Value added tax (VAT)
- Land tax from legal entities
- Property tax from legal entities and individual entrepreneurs
- Vehicle tax from legal entities
- Pension taxes, social deductions

*(Source – KAZNEX INVEST)*

**VAT** VAT is charged at 12% on most goods and services in Kazakhstan. It is also charged on imported goods.

Please be aware that VAT is chargeable on company turnover generated in Kazakhstan.

*(Source – UKTI)*

**Corporate income tax** The Tax Code has a corporate income tax rate for tax residents of 20% on worldwide income.

An annual property tax of 1.5% of average annual balance sheet value of property owned is payable by legal corporate entities.

Corporate income tax and social tax at aggregate rate of 3% of income can be paid if the legal entity has:

- an income not exceeding USD \$166,000 over a calendar quarter
- average number of employees not exceeding 50

*(Source – UKTI)*

**Income tax** Kazakhstan has a flat 10% personal income tax. There is also a 10% 'social insurance' payroll tax levied on employers.

*(Source – UKTI)*

## Customs tariff

**Customs duties** The Customs Control Committee of the Ministry of Finance is responsible for customs in Kazakhstan. Please visit: [www.e.customs.kz/wps/portal/customs](http://www.e.customs.kz/wps/portal/customs)

You can find more about import tariffs on the Market Access Database: [www.madb.europa.eu/madb/indexPubli.htm](http://www.madb.europa.eu/madb/indexPubli.htm)

*(Source – UKTI)*

**Customs Union (CU)** Kazakhstan, Russia, Armenia, Kyrgyzstan and Belarus have a common customs area.

When importing goods and vehicles to Kazakhstan, the following is charged:

- customs duty
- customs charges for customs clearance at a rate of 65 Euros for the base sheet of Cargo Customs Declaration and 25 Euros for each extra sheet of the Cargo Customs Declaration
- value-added tax at 12% of taxable imports (the amount of taxable imports includes the customs good value and the amounts of taxes and other compulsory payments to the budget when importing the goods, exclusive of VAT)
- excise tax for some types of goods

According to the common customs tariff of the CU, the rates of import customs duties vary between 0% and 80%. The common customs code of the CU establishes different customs regimes and some of them provide full or partial exemption from customs duties.

The rate of duty-free goods for personal use conveyed across the customs border of the Customs Union.

In accordance with the agreement on the movement by individuals of goods for personal use across the customs border of the Customs Union and customs operations connected with their production (St. Petersburg, June 18, 2010), regulations to bring goods for personal use, conveyed by individuals across the customs border are established with the exemption from customs duties, a customs value which does not exceed an amount equivalent of €1,500 euros (€10,000 euros for air transport), and the total weight not exceeding 50 kg. For the referral of goods to goods for personal use, the nature and quantity of goods, as well as the frequency of crossing of an individual, and/or the movement of goods across the customs border of the Customs Union, are taken into account.

In the case of excess of cost or weight standards on goods for personal use, a payment of customs duties and taxes with CR (customs receipt) is made at the rate of 30%, but not less than €4 euros per kilo in excess.

In the case of non-referral of goods to goods for personal use, the regulations of the agreement do not apply, i.e. generally established rules of customs legislation are applied.

Import/export of currency, securities, bills and checks:

- Within the customs area of the CU – it is performed without any restrictions and customs declaration.
- The simultaneous import/export to/from the customs territory of the Customs Union of cash and/or traveller's checks for a total amount exceeding the equivalent of USD \$10,000. These cash and/or traveller's checks are subject to a customs declaration in writing, by filing the passenger customs declaration for the entire amount of imported cash and/or traveller's checks.

For more information, contact:

**The State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan** :010000, Astana, 10 bld., Beibitshilik str.

**Tel:** +7 (7172) 701487 / 709932

**Official website:** [www.kgd.gov.kz](http://www.kgd.gov.kz)

*(Source – KAZNEX INVEST)*

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