

Kazakhstan Introduces New Rules for Calculating Social Security Tax

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On June 21, 2004, the Kazakhstan government introduced rules for calculating contributions to the State Social Insurance Fund.¹

Contributions to the Social Insurance Fund are required for all employees, including expatriate employees, and are based on an employee's gross salary up to a maximum monthly income of 10 times the minimum monthly salary set by the government of Kazakhstan, which is approximately USD 50 in 2004. Contributions are computed at the rate of 1.5 percent of gross salary (up to the ceiling salary level of approximately USD 500) for 2005, 2 percent for 2006, and 3 percent for 2007. Employers must make contributions individually for each employee.

The following are not included in the calculation base when determining Social Insurance Fund contributions:

- compensation for injury or illness suffered in the workplace;
- reimbursement of business trip expenses, within limits;
- food and accommodation provided to rotational personnel, up to a daily amount of two times the monthly index factor per person (this index is approximately USD 7 in 2004);
- insurance premiums paid by an employer for compulsory insurance of its employees;
- compensation for unused vacation leave;
- pension fund contributions.

The Social Insurance Fund is designed to insure employees against disability, loss of a wage earner, and unemployment.

Employers must remit Social Insurance Fund contributions by the 15th day of the month following the month of salary payment.

The rules enter into force on January 1, 2005.

Footnote:

1 Resolution № 683 of the Government of the Republic of Kazakhstan on Approval of the Rules for Calculating Social Contributions, dated June 21, 2004.

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