



The Key Changes in the Procedure for Applying Tax Deductions to an Individual's Income from 1 January 2025

On 1 January 2025, Sections 8 and 9 of the Code of the Republic of Kazakhstan No. 120-VI On Taxes and Other Mandatory Payments to the Budget (Tax Code) dated 25 December 2017 (the "Tax Code") came into force in the version that was previously suspended.

According to the current version of the Tax Code, all tax deductions are divided into two types based on the method of their application: (i) tax deductions applied at the source of payment by the tax agent; and (ii) other tax deductions applied by the individual independently.



The tax deductions applied **by the tax agent** include:

- The amounts of obligatory pension fund contributions
- The amounts of obligatory social medical insurance contributions
- The standard tax deductions in the amount of:
 - 14 MCI (monthly calculation index) per month
 - 882 MCI per year for WWII veterans, persons with disabilities (a detailed list of persons is specified in Article 346.1.2 of the Tax Code)
 - 882 MCI per year for parents/guardians of children with disabilities, for adoptive parents, foster parents (a detailed list of persons is specified in Article 346.1.3 of the Tax Code)
- The deduction for multi-child families that have four or more minor children as of 1 January 2025 in the amount of 23 MCI if the deduction is applied by one parent, or in the amount of 12 MCI if the deduction is applied by both parents. As supporting documents, the employee is required to provide copies of the children's birth certificates.

Other tax deductions applied **by the individuals independently** include:

- The amount of voluntary pension fund contributions paid by them in their favor
- The amount of expenses for education in preschool, secondary technical, and higher educational institutions, incurred both in their own favor and in favor of a person under the age of 21 who is a dependent person. The maximum amount of the education tax deduction is 118 MCI per year
- The amount of expenses for medical services (excluding cosmetic services) and premiums under a voluntary health insurance contract, incurred both in their own favor and in favor of a person under the age of 18 who is a dependent person. The maximum amount of the tax deduction for medical expenses cannot exceed 118 MCI per year, with due account for the income adjustment applied by the tax agent in the amount of the employer's expenses for paying insurance premiums in favor of the employee under voluntary health insurance contracts and/or the employee's expenses for medical services
- The amount of expenses for the payment of interest on mortgage housing loans obtained from licensed banks and organizations. The tax deduction for interest is applied in an amount not exceeding 118 MCI per year.

An employee, if they have incurred the above expenses during the calendar year, has the right to request the application of the so-called preliminary deduction to their income from the tax agent. For this purpose, the employee is required to submit the corresponding application in the form established by legislation; however, the provision of documents confirming the incurred expenses is not required at this stage.

Considering that the rules regarding the application of tax deductions have undergone significant changes compared to the previous year, the EY tax expert team will be happy to provide consultation on the issues arising from both tax agents and individuals.

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