

Doing Business: Employment in Kazakhstan

28 July 2016

Employment Contract

All employment issues are regulated by the Labor Code. An employment contract must be duly signed by the employee to a fixed or indefinite term. An employer may establish a probation period in the contract, but the probation period cannot exceed three months. An employment contract should have a full description of employee functions, duties and salary amount.

Working Week

Labor Code establishes working hours and minimum monthly salary requirement. Five-day working week is limited up to 40 hours. Six-day working week is limited up to 42 hours. The overall amount of permitted monthly overtime is limited to a maximum of twelve hours; overtime in a given day should not exceed 2 hours.

Watch

The watch should exceed 15 days and in certain cases may be up to 30 days. For marine workers the period of watch can be 120 days.

Minimum Salary

Salary should not be lower than the minimum monthly wage established by the government. The minimal monthly salary for 2013 is approximately US\$ 124 per month. There is no minimal salary per hour.

Payroll Taxes

Employers are required to pay social tax and social security contributions. They are also obliged to calculate and deduct individual income tax and pension payment.

Foreign Currency

In most cases salary must be paid in Tenge. However, there are some exceptions when a foreign legal entity may pay salaries to its resident or nonresident employees in foreign currency.

Sick Leave

Employers are obliged to pay for sick leave, however the compensation depends on average salary and may not be more than US\$ 173 per month.

Holidays

The minimal paid annual leave is 24 calendar days excluding national holidays.

Maternity Leave

Maternity leave for 126–140 calendar days is paid by the State Fund of Social Insurance. The Fund makes social payments for maternity, child birth and care.

Insurance

Kazakhstan legislation obliges the employer to insure its employees against accidents at work.

Firing

In brief, an employer has a right to fire person upon: negative work results during the probation period; absence of the employee in the workplace for three hours or more without any reasonable excuse during the work hours or shift.

Of course, there are other occasions when an employer may freely fire its employee. One is that an employer may fire an employee immediately without any reason on the condition that the fired employee is paid 12 months of average salary. Unlike other employees, a CEO may be dismissed at any time by the resolution of shareholders.

Work Permit

The Population Employment Act has a specific requirement for an employer to obtain a work permit in order to hire a particular foreign employee.

There are some exceptions when a work permit is not required. The work permit requirement does not apply to: (1) the heads of representative offices or branches of foreign legal entities; (2) employees who are on business trips in Kazakhstan with a total stay of no more than 120 days during a calendar year; (3) the heads of companies which have a contract with the Government of Kazakhstan for more than US \$50 million or an investment contract in a priority activity.

An employer is only required to submit a notification to the local authorities about its employees exempted from work permit requirements.

There are four categories for work permits:

1. Top managers and deputies;
2. Heads of structural divisions and top qualified specialists;
3. Middle managers and qualified specialists;
4. Qualified workers.

The work permit is granted to employer for one year with certain conditions such as to hire more local staff or to provide training for local staff. The work permit may be extended for another two years.

The process of obtaining a work permit is lengthy and takes around three months.

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