

ClientAlert

Oil and Gas

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Subsoil Use: Additional Contributions to Unified Cumulative Pension Fund

A list of the production areas, jobs and employee occupations for which employers are to make occupational pension contributions at their own expense has been approved.

As of 1 January 2014, the Law "On Provision of Pensions in the Republic of Kazakhstan" dated 21 June 2013 (hereinafter, the "**Law**") requires all employers whose employees are engaged in work with harmful (extremely harmful) working conditions to make, at their own expense, mandatory occupational pension contributions (the "**Occupational Pension Contributions**") for the benefit of such employees.

The list of production areas, jobs and occupations with harmful (extremely harmful) working conditions (the "**List**") was approved by Government Resolution No.1562, dated 31 December 2013. The List includes a broad range of production areas and jobs related to the exploration and production of hard minerals and hydrocarbons as well as their processing, including stages of metal conversion. The List implies that such production areas and jobs are harmful.

Subsoil users are to pay Occupational Pension Contributions amounting to 5% of the monthly income of each employee engaged in the production areas, jobs and occupations included in the List. The contributions are to be paid to the Unified Cumulative Pension Fund JSC.

Please note that, pursuant to the Law, the employer may stop paying Occupational Pension Contributions with respect to an employee if the employer obtains the certificate confirming that the working conditions of such employee are not harmful (extremely harmful).



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