

## Startup ecosystem of Kazakhstan

### Mini-research

#### Agencies and government authorities supporting startups

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#### Foundation of a legal entity: procedures/time

##### Online registration

It is possible to register a legal entity in Kazakhstan online via eGov.kz, the e-government portal of Kazakhstan.

The application is filled out online, all required documents are attached in scanned form. The portal also allows you to open a bank account and conclude an insurance contract; you need to fill out an online application, attach the charter and a list of employees.

The total term of all services is 2 working days.

## Offline registration

You can register a legal entity offline in Kazakhstan at the Population Service Center (PSC) - A government agency whose main task is to provide a variety of services to citizens through a "one-stop" system.

Documents required to register a legal entity through the PSC, located in the place of residence or at the place of registration of the legal entity:

- application;
- charter;
- Articles of Incorporation;
- The decision of the founder/authorized body of the legal entity to incorporate a legal entity (LLP is the most common form of legal entity in Kazakhstan - more than 95% of the total number of legal entities in Kazakhstan are LLP; in addition to LLP one may incorporate a branch or representative office, a subsidiary, a joint stock company, an individual entrepreneur);
- A document confirming the location of the founder;
- a receipt for payment of state duty.

You will need the following for the insurance company:

- an application form;
- staff schedule;
- Charter.

## Registration of a legal entity in Kazakhstan by a foreign company

The citizens of other countries can register a company only while in Kazakhstan.

In order to open a legal entity in Kazakhstan, a foreigner must obtain an Individual Identification Number (IN), and a foreign legal entity must obtain a Business Identification Number (BIN).

To get IN/BIN you need to apply to CSC Center, where you need to write an application to get IN/BIN. An individual needs to attach a notarized copy of his/her passport translated into Kazakh and Russian to the application.

Delivery time takes 3 working days.

After getting IN/BIN it is necessary to get electronic digital signature (EDS) in CSC. Then it is possible to register a legal entity online through e-government portal.

If the legal entity to be registered already pays taxes in its home country, it is necessary to provide a tax number and an ID card when submitting documents to the CSC in order to avoid double taxation with those countries with which the relevant international treaties are in force.

Key point - foreigner should have C5 visa (business immigrants) for foreign natural entities, if visa is of different type, state authority can invalidate registration. It is easier for a foreign legal entity to register a company in Kazakhstan than for an individual, as a legal entity is not subject to the requirement to obtain a C5 visa.

*For information only: what needs to be done before registration.*

Before starting the process of registering a legal entity in Kazakhstan, it is necessary:

- to think up a unique name of the organization;
- to decide on a legal address (the legislation of the Republic of Kazakhstan allows registration of legal entities in non-residential premises, rented premises, the founder's apartment/house - it is acceptable to conclude an agreement on purchase of a legal address and use it for registration);
- to verify the type of activity (industry) of the future organization with the help of the General classification of types of economic activities (GCEA);
- to verify the scale of future activities (small, medium or large business).

## Corporate taxes in Kazakhstan

Good faith principle of taxpayers in taxation works in the country. This means that in tax disputes between the taxpayer and tax authorities, all uncertainties and unresolved issues of tax law are interpreted in favor of the taxpayer.

In Kazakhstan, the following rates of taxes and social payments have been established for 2020.

1. Corporate Income Tax. It is payable by most legal entities and amounts to 20% of net taxable income. A number of companies may apply for a special tax regime, which provides for lower tax rates.

In addition to corporate tax, permanent establishments of foreign legal entities are subject to a branch profits tax of 15% of the net income after the payment of corporate income tax. Thus, the effective income tax rate for permanent establishments of foreign companies is 32%.

1. Value Added Tax (VAT). All individuals and companies who carry out commercial activities in Kazakhstan and have an aggregate taxable turnover which exceeds 30,000 times the monthly calculation index (MCI, which is 2,651 tenge for 2020) during a calendar year must pay VAT. The standard VAT rate in Kazakhstan is 12% and applies to sales turnover of goods and services in Kazakhstan, as well as when importing goods into Kazakhstan. Certain types of activities are exempt from VAT, such as sale and lease of land and land use rights (except for land used for parking of passenger cars), financial, insurance and medical services.

2. Taxes and deductions related to wages:

- Individual Income Tax (IIT). It covers all kinds of compensations and payments, which an employee receives for work in Kazakhstan. The IIT rate is fixed and amounts to 10% for both resident and non-resident workers.

Social tax. It is paid by employers in Kazakhstan, including foreign employers that operate through branches and representative offices. Social tax rate is 9.5% (from 1 January 2025 it will be 11%).

- Social contributions to the State Social Insurance Fund. The rate is 3,5% (from 1.01.2025 it will be 5%). Contributions to the State Social Insurance Fund reduce social tax liabilities and do not represent an additional tax

burden for the employer.

- Mandatory pension contributions. Deduced from the salaries of citizens; the amount of the contribution is 10% of the accrued income.
- Mandatory medical insurance. For 2020-2021 the employer contribution rate is 2%, starting from January 2022 the rate will be 3%.

View a complete list of tax rates for 2020 [here](#).

## Registration Place

As of July 2020, CSCs operated in the following cities of Kazakhstan: Almaty (5 CSCs ), Nur-Sultan (8 branches of CSCs ), Karaganda (6 CSCs ), Shymkent (4 CSCs ), Kokshetau (3 CSCs ), Aktobe (3 CSCs ), Taldykorgan (1 CSC), Atyrau (3 CSCs ), Ust-Kamenogorsk (3 CSCs), Semey (3 CSCs), Taraz (5 CSCs), Uralsk (3 CSCs), Kostanai (3 CSCs), Kyzylorda (3 CSCs), Aktau (2 CSCs ), Pavlodar (4 CSCs ), Petropavlovsk (2 CSCs ), Turkestan (2 CSCs ).

A complete list of all Citizen Service Centers with addresses and working hours is available [here](#).

You can register a legal entity online (available for citizens of Kazakhstan and foreigners who have received IN/BIN in Kazakhstan) at [eGov.kz](http://eGov.kz).

## Opening a bank account, foreign exchange operations, a brief description of the processes

You can open a bank account through the e-government website - the bank is selected from a list.

Depending on the bank the cost of opening an account may vary, some banks do not charge for opening an account.

To open a bank account via the e-government website, you need to attach the bank questionnaire in electronic form and additional documents (charter, sample signatures, statement of adherence to the Agreement between the bank and the client, extract from the Registry of securities holders, powers of attorney), if available, in scanned form.

A number of banks in Kazakhstan provide legal entities with an online account opening service via their website/mobile application. In addition, many banks allow legal entities to open accounts not only in tenge but also in Russian rubles, dollars, euros and yuan.

Below is a list of banks in Kazakhstan where legal entities can open accounts.

[Альфа-Банк](#)

[Fortebank Kaspı](#)

[bank Jýsan Bank](#)

[Eurasian Bank](#)

[Сбербанк](#)

[Народный банк](#)

[Банк Kassa Nova Altyn](#)

[Bank](#)

[Банк ЦентрКредит Банк](#)

[ВТБ](#)

[AsiaCredit Bank](#)

[Заман Банк](#)

[Capital BankKazakhstan](#)

[АТФБанк](#)

[Нурбанк](#)

[KZI Bank \(КазахстанЗират](#)

[Интернешнл\)](#)

For information only

***Kaspi bank.*** *Opening a current account in this bank is convenient for those who are going to open an online store, because there is an opportunity to promote products and services - the bank has its own online store, where goods can be placed by partners of the bank.*

***Eurasian Bank.*** *It is possible to provide remote servicing, as well as to reserve current account (provided to legal entities and individual entrepreneurs - residents of the Republic of Kazakhstan, information about whom is available in the Tax Committee of the Republic of Kazakhstan). You can send an application for account reservation online.*

## Internet business regulation, e-commerce

As of the first quarter of 2020, Kazakhstan had the best e-commerce performance in Central Asia, with an annual growth rate of 55% in the e-commerce market through 2020.

The key regulators of Internet business and e-commerce in Kazakhstan are:

- **The Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan.** The activities of the Ministry are e-industry, innovations, e-government and public services. The Ministry is responsible for the implementation of the program "Digital Kazakhstan".
- The Ministry of Trade and Integration of the Republic of Kazakhstan, one of the activities of which is digitalization. The Department of Digitalization is responsible for this direction, and its work includes preparation and approval of draft regulatory legal acts in the field of informatization, coordination of the Ministry of Trade and Integration on digitalization issues and monitoring of implementation of the State Program "Digital Kazakhstan".

The Ministry of Trade and Integration developed electronic platforms Onay Bazar and HappyFood.kz.

### About the "Digital Kazakhstan" program

State program "**Digital Kazakhstan**" - is a comprehensive program aimed at improving the standard of living of the country's population through digital technology. One of the directions of the program is the digitalization of the economy, which includes Internet business and e-commerce.

## Programs that help startups from other countries obtain grants

**Astana Hub** is the largest international technopark for IT startups in Central Asia. It offers relocation to startups with the opportunity to participate in various thematic programs and *accelerators*, to get access to the international financial center, tax preferences, startup visa, free workspace, as well as investment opportunities.

**Startup Kazakhstan**, the international acceleration program for startups, offers the startup of the project in the market of Kazakhstan in 3 months, support from the Kazakh government and national corporations and an opportunity to present to the potential investors. The program is available in Russian as well as in any country. Participation in the program is free of charge, the costs of flights and accommodation in Kazakhstan during the on-site events are paid individually.

## IT recruiting and other services for finding highly qualified professionals

A list of companies that can help a startup/IT company recruit in Kazakhstan is provided below.

- Recruitment company [Elite](#). It offers a range of services in the field of personnel consulting, has a wide partner network in many regions of Kazakhstan and abroad.
- Recruitment Agency [BOLASHAK Expo](#). It promises to find employees of any specialty, operating all over Kazakhstan.
- Recruitment Agency [ProfExclusive](#). It recruits employees at all levels.
- Agency [Optimum Recruitment&Executive Search](#). Recruitment in areas: management, business development, information technology, law, etc.
- Recruitment Agency [It Develop](#). It offers access to online resume databases.
- Recruitment company [Antal](#). It helps you find specialists in IT, software development, finance, accounting, sales, and a number of other professional fields.

## Startup Acceleration Platforms in Kazakhstan

**Accelerator Astana Hub** (subdivision of the international technopark of IT startups Astana Hub, created in the city of Nur-Sultan on the basis of the EXPO-2017) is an acceleration program for technological startups. The duration of the program is 12 weeks. The program is free for both residents and participants from other countries of the world.

**International Accelerator [StartUP Kazakhstan](#)**. The program is in Russian, you can apply and participate in the program online from anywhere in the world. Participation in the program is free, but the cost of flights and accommodation in Kazakhstan during on-site events must be paid individually.

**Business Incubator [MOST](#)** offers business acceleration, consulting and investment services. Partner network in 150 countries and more than 70 partners in Kazakhstan.

**Field Accelerator for Logistics IT Startups [DAR Lab](#)**.

**Бизнес-акселератор Назарбаев Университета [QUICK START](#)**. The duration of the program is 6 weeks. It provides an opportunity to receive a grant and attract investment, provides access to Quick Start partner infrastructure, access to FabLab, DCLab, Nazarbayev University laboratories, co-working space, allows interaction with foreign partners of Nazarbayev University, provides educational support.

**[BI Innovations](#)** – an innovative division of the BI Group construction and investment holding company. BI Innovations business incubator works with startups that create technological products for the construction and real estate industry. The most developed and promising projects receive investments from the investment company BelnTehc **Ventures**.



## Co-working spaces

Name - Seedspace Astana

Address - 46 Sauran Street, Astana, Kazakhstan

WEB-address - <https://www.seedspace.co/en/co-working/nur-sultan/>

Overview - <https://www.coworker.com/kazakhstan/astana/seedspace-astana>

Working hours - Mon-Fri: 8:00 - 18:00

Rental price of a fixed working place - need to check with the administration

Price of a working place in Open Space - need to check with the administration

Availability of personal office space - yes (KZT 114,000/1 month)

Availability of rooms for meetings - yes

Name - SmArt.Point

Address - Baizakov St 280, Almaty 050040, Kazakhstan, +7 727 313 2050

WEB-address - <https://smartpoint.me/>

Overview - <http://hommes.kz/blog/2019/10/27/novoe-mesto-kovorking-smartpoint-2-v-almaty/>

Opening Hours - Mon-Fri. - Fri: 8:00 am- 6:00 pm

Fixed rent price - KZT 75,000 / 1 month

Price of a workplace in Open Space - KZT 50,000 / 1 month

Personal office space - yes

Availability of rooms for meetings - yes

## General characteristics of Kazakhstan in terms of the development of startups and digital services

Kazakhstan's startup ecosystem is in its formative stage: there is the necessary infrastructure (incubators, accelerators, co-working spaces, technology parks, educational programs), some startups have already been able to attract (usually from abroad) investments in the millions of dollars. As for local investors, businessmen and organizations having the means to invest do not yet perceive startups as an option for investment. As a rule, if local market players do invest in startups, they do so in the form of angel investments.

If we talk about venture capital funds, this sector is still at a very embryonic stage in the country, however, the following are operative:

- **QazTech Ventures**, a subsidiary of Baiterek Holding, attracts foreign venture capital funds to finance Kazakhstan's startup projects.
- **SingulariTeam Fund**. It was founded by the Kazakh businessman Kenes Rakishev and his partner from Israel, Moshe Hogega. The fund invests in projects in the field of artificial intelligence, robotics, VR, etc.
- **BelnTehc Ventures** - an investment company, a division of BI Group, invests in startups in the construction sector.
- **Ihsan Capital** - a new venture fund founded by Amirkhan Omarov, former director of BelnTehc Ventures and an active participant in the development of the innovation ecosystem in Kazakhstan.

## Development of the fintech market in Kazakhstan

Dozens of fintech projects are being implemented in the country in areas such as:

- investment crowdfunding (for example, ikapitalist.kz);
- online bookkeeping (e.g., BUCHTA);
- infrastructure solutions for banks and MFIs (for example, First Credit Bureau, woopay, RPS Asia);
- marketplaces (for example, prodengi.kz, <https://bai.kz/>);
- new generation banks (e.g., kaspi.kz, b1nk.kz, Altyn-i);
- payments and purchases (for example, Personal cash desk, zenge).

Fintech Hub of the International Financial Center "Astana" influences the development of fintech sphere in the country.

"The development of the fintech field in the country is influenced by the Fintech Hub of the Astana International Financial Center, where programs to support start-ups, corporate innovations, and the venture capital market are carried out.

Together with the Swiss fund Seedstars and the Kazakh business incubator Most Fintech Hub "Astana" implemented the international acceleration program "FintechStars". In addition, in 2019 MFC Astana and Visa launched the Visa Everywhere Initiative fintech program. This is a global innovation program that sets goals for startups to meet tomorrow's challenges in payments and commerce.

## The possibility of using blockchain technology

The Association of Blockchain and Data Centers Industry in Kazakhstan is a voluntary association of legal entities created to develop and popularize blockchain and data center technology in Kazakhstan and to represent the interests of companies that develop these technologies in the country. The Association works in such areas as the automation of processes in the banking industry in order to reduce costs and accelerate transactions, cybersecurity, development of startups in the field of blockchain and cryptocurrencies, financial instruments (implementation of smart contracts) and others.

A draft law of the Republic of Kazakhstan "On amendments and additions to some legislative acts of the Republic of Kazakhstan on the regulation of digital innovations" is being developed. Amendments and additions will include new concepts and phenomena related to the field of blockchain and cryptocurrencies in the legal field of Kazakhstan.

At the end of 2019, Kazakh telecommunications company Kazakhtelecom presented a distributed blockchain platform BaaS (Blockchain as a Service), which will make it easier for government agencies and businesses to implement and operate blockchain systems. The platform is in test operation.

Such projects as KazPost PayPost JSC to implement smart contracts, the project of the Ministry of Finance of Kazakhstan to transfer VAT accounting to the blockchain register are being implemented on a state level.

## Special benefits for startups, IT companies, registration procedures for benefits

Technopark Astana Hub provides tax benefits to its participants - it is zero rates on some taxes and simplified labor regime for foreign workers.

To become a member of the technology park, it is necessary to submit an application. At the same time, participants of the programs of acceleration and incubation of technopark do not automatically become its participants. They have to register under general conditions: by filling out an online application.

After completing the electronic application, to which scans of the necessary documents are attached, the technopark checks and informs about the decision. If it is positive, it is necessary to conclude an agreement with the technopark, which will spell out the conditions of the participant's activities.

The list of documents required for registration:

- a certificate of state registration or re-registration of a legal entity - for residents of Kazakhstan
- a document confirming state registration in the country of incorporation with indication of state registration number or its equivalent - for non-residents;
- a copy of a document that confirms the authority of the person acting on behalf of the applicant in submitting the application, in case it is not the applicant himself, it may be an order, a decision of the founder or a power of attorney;

- A document on the location of the applicant's company, where the applicant plans to carry out activities - for example, a lease agreement;
- information on the number of employees (residents and non-residents) planned to be employed for the project (number and terms);
- a certificate of absence of tax debts issued not earlier than ten days before the application (applies only to residents);
- business plan of the project, which should relate to the priority activities in the field of information and communication technologies.

In July 2018, the Astana International Financial Center opened in Kazakhstan. The founders expect that this project will help Kazakhstan become a financial center comparable to Singapore or Dubai. The Astana Financial Center operates under English law and provides tax benefits to residents: no income tax is levied until 2066.

For becoming a member of the Astana International Financial Center, it is necessary to register.

## General economic situation in Kazakhstan, conditions for relocation and office opening

According to the Statistics Committee of the Ministry of National Economy of Kazakhstan, the average monthly wage nationwide in August 2020 was 211,226 tenge, equivalent to \$494.3.

Inflation (August 2020 to December 2019, %) was 4.6%, the unemployment rate in the second quarter of 2020 was 5%.

Food prices in 2020 equivalent to \$ are (data of Numbeo.com service):

- milk (1 liter) - \$0.74
- loaf of white bread (500 g) - \$0.30
- rice (white, 1 kg) - \$0,78
- eggs (12 units) - \$0,99
- local cheese (1 kg) - \$5,81
- chicken fillet (1 kg) - \$3,33
- beef loin (1 kg) - \$5,38
- apples (1 kg) - \$1,29
- bananas (1 kg) - \$1,35
- oranges (1 kg) - \$1.60
- tomatoes (1 kg) - \$1.53
- potatoes (1 kg) - \$0,38
- bottle of wine - \$5,87
- local beer (0.5 l) - \$0.77
- cigarettes (pack) - \$1.17

### *Transport prices*

- Ticket for urban passenger transport - \$0.21
- a monthly pass for one type of transport - \$14.09
- cab fare (average fare) - \$1.17
- 1 km of cab ride - \$0.35
- 1 liter of gasoline - \$0.40

### Utility bills:

- Basic utilities for an 85 m2 apartment - \$48.93

### Rental Housing:

- 1-bedroom apartment downtown - \$296
- One-bedroom apartment in the residential district - \$194

## Relocation and Office Opening Opportunities

Astana Hub provides opportunities for startups to relocate. The application for relocation to Astana Hub can be submitted by existing IT businesses and startups with a ready MVP (minimum viable product). Startups participating in Astana Hub Technopark receive tax benefits and free access to the co-working space.

The cost of renting an office in Nur-Sultan with an area of 70 m2 is around \$470-600.

## Prototyping labs and Hi-Tech manufacturing facilities

- **Astana Business Campus Fab Lab** is the first digital production laboratory in Nur-Sultan, part of the global Fab Lab network. Here you can create a product prototype, find like-minded people, and learn how to work with advanced 3D prototyping equipment. In order to use the services of the laboratory, you need to buy a subscription and reserve the equipment.
- Prototyping Lab at Astana Hub.
- **DC Lab** co-working space for designers, filmmakers, animators and illustrators, when purchasing a subscription, which provides the opportunity to use equipment (iMac and PC 10-core monoblocks, Wacom Contiq professional graphic tablets, as well

as licensed software of the full Creative Cloud package).