



# Business set-up in Kazakhstan

## *Branch vs LLP*

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1. Business set-up in Kazakhstan:
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## 1. *Forms of Business set-up in Kazakhstan:*

- **Joint Stock Company**
- **Partnerships:**
  - *General Partnership*
  - *Kommandit Partnership*
  - *Additional Liability Partnership*
  - *Limited Liability Partnership*
- **Branch**
- **Rep/Office**

- **Limited liability Partnership-** participants hold liability to the extend of their charter's capitals contributions.
- The minimum amount of a capital charter can be 0 tenge, but in practice, we recommend to form charter capital not less than near 700USD equivalent. Because of bank opening and work visa issues.

The main differences between Partnerships is the extend of liability of the participants. That's way it is main preferable form Partnership in Kazakhstan.

## **Branch and Rep/Office**

- Both forms have no legal personality and are considered as structural units of the head office.
- Branch may perform full commercial activity in Kazakhstan.
- Rep/Office may perform only representative functions and protection interest of the head office.
- **Conclusion:** Branch has more advantages than Rep/Office.

## **Liability before third parties**

Branch and Rep/Office have no charter capital and its own property. The head office is financially liable to third parties.

# Registration:

Registration procedure is similar to both legal entities and branch/RepOffice and in practice usually takes near 4-5 weeks.

However, in case the shareholder of LLP is a foreigner(s) then he (they) should first obtain business visa C5 before registration.

# Branch versus LLP

## Branch

1. A branch has no charter capital or own property as a guarantee of its financial liability and, accordingly, it is the head office that is liable for liabilities of its branch to third parties.
2. A branch act on behalf of the head office.
3. Salary may be fixed and paid only in tenge.
4. No permit is required for the Director of the branch.
5. A branch of a foreign company may perform transactions in currency other than tenge.

## LLP

1. LLP has a charter capital and it is an independent party to any transactions.
2. LLP is legally responsible for its own liabilities to third parties.
3. Salary must be fixed and paid only in tenge.
4. No work permit is required for the Director and Deputies of the Director.
5. Transactions between Kazakhstani companies should performed in on tenge. Transactions between Kazakhstani Companies(branches) may be performed in any currency.



# Branch versus LLP

## Branch

6. Director of the branch can receive working Visa C3.
7. The net income of a non-resident legal entity operating in Kazakhstan permanently through a branch is required to be subject to corporate income tax upon payment of 15% in main cases. The rate may be reduced if the principle of avoiding double inclusion and preventing evasion of taxes on income and capital is applied.
8. A branch may not open another branches or Rep/offices.

## LLP

6. Director of 2 Deputies can receive working Visa C3. Shareholder C5.
7. For an LLP, an analogue of CIT on the net income of a non-resident is the individual income tax or CIT, withheld by the LLP when paying Dividends
8. LLP may open another branches or Rep/offices.

## 2. Labour issues:

- **Labour legislation of Kazakhstan** is fully applicable to labour relations, having place on the territory of Kazakhstan, including to Companies with foreign participation and foreign employees.
- **Salary for foreign employees can be fixed and paid only in tenge, even for remote employees.** Employees can exchange salary in any currency using multicurrency cards.
- **Work permit** should be obtained in order to employ a foreign employee. The process of WP obtaining in practice takes from 2 to 4 months. The decision to provide a work permit by Governmental Authority will depend on limited quotes for each region of the country and the ability to justify the necessity for the specific specialist in the Kazakhstan labor market.