

Law "About obligatory social insurance"

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ABOUT OBLIGATORY SOCIAL INSURANCE**LAW OF THE REPUBLIC OF KAZAKHSTAN DD. APRIL 25, 2003 NO. 405**

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This Law establishes the legal, economical and organizational basis of the obligatory social insurance as one of the forms of social protection of people carried out by the state.

SECTION 1. GENERAL PROVISIONS**Article 1. Main definitions used in this Law**

In this Law the following main definitions are used:

- 1) assets of the Fund means social assignments, a fine received for the delay in payment of social assignments, investment income and other inpayments to the Fund as stipulated by the legislation of the Republic of Kazakhstan less commission fee for supporting the Fund's activities, the funds assigned for social payments and repayment of funds which were mistakenly entered or paid in excess;
- 2) State Social Insurance Fund (further the "Fund") means a legal person collecting the social assignments and effecting payments to the participants of the obligatory social insurance system in respect of which an event of social risk took place, including dependants-members of the family in case of loss of supporter of the family who was participant of the obligatory social insurance system;
- 3) supporter of the family means a person who supports the family members incapable for work and being dependent on such person for support, at the expense of his income;
- 4) income substitution factor means a factor which determines the relation between social payment and amount of income which is taken as basis when calculating social assignments;
- 5) number of dependants factor means a factor which takes account of the number of family members of a deceased (declared by the court to be missing or declared to be deceased) supporter of the family, who were dependents on such person for support;
- 6) standing of participation factor means a factor which is determined according to the standing of participation (total period of time in calendar terms) in the obligatory social insurance system;
- 7) disablement factor means a factor which is determined according to the degree of disablement of a participant in the obligatory social insurance system in respect of whom social assignments were made;
- 8) object of calculation of social assignments means the charges of an employer which are paid out to an employee in the form of gains for performed works, rendered services. The object of calculation of social assignments of a self-employed person shall be the gains received by such person.
- 9) obligatory social insurance means the aggregate of measures which are organized, controlled and guaranteed by the state for the purpose of compensating for a part of income in connection with disablement and (or) loss of job as well as loss of supporter of the family;
- 10) payer of social assignments (further the "payer") means an employer or a self-employed person making calculation and payment of social assignments to the Fund in accordance with the procedure established by this Law;
- 11) recipient of social payment (further the "recipient") means a natural person in respect of whom social assignments were paid to the Fund or who paid social assignments to the Fund, and in respect of whom the authorized body on granting of social payments made the decision about granting of social payments; and in case of death of a person, who was a participant in the obligatory social insurance system and in respect of whom social assignments were made, family members of such deceased (declared by the court to be missing or declared to be deceased) supporter of the family, who were dependents on such person for support;
- 12) self-employed person (as applied to this Law) means an individual entrepreneur, private notary, attorney providing himself with job which returns interest;
- 13) obligatory social insurance system means the aggregate of norms and rules which are established and guaranteed by the state, regulating the relations between participants of the obligatory social insurance system;
- 14) social payments mean monthly payments made by the Fund in favor of a recipient;
- 15) social assignments mean obligatory payments established by this Law which are paid to the Fund and entitling a participant of the obligatory social insurance system, in respect of whom social assignments were made, and in case of loss of supporter of the family entitling members of the family of such person to receive social payments in accordance with this Law;
- 16) social risk means onset of an event entailing disablement and (or) loss of job, loss of supporter of the family as a result of which a participant of the obligatory social insurance system, in respect of whom social assignments were made, or in case of his death the family members who were dependants on such person for support, accrue a right to receive social payments in accordance with this Law;
- 17) social assignments rate means the fixed size of obligatory payments to the Fund expressed in percentage ratio to the size of an object of calculation of social assignments;
- 18) authorized organization on account of social assignments and social payments (further the "Center") means the government enterprise, which has organization departments in regions (further the "organization departments"), carrying out transfer of social assignments and social payments, maintaining personified centralized record of social assignments and payments;
- 19) authorized body means the government body performing the regulation, control and supervision of the activities of the Fund;
- 20) authorized body on assignment of social payments means the central executive agency in the field of social protection of people and its territorial branches;

- 21) disablement means the loss of capacity for work, services by an employee, the degree of which is expressed in percentage ratio to the lost capacity for work;
- 22) participant of the obligatory social insurance system in respect of whom social assignments were made means a natural person in respect of whom social assignments are made and who has the right to receive social payments in case of onset of social risk events as stipulated by this Law;
- 23) participants of the obligatory social insurance system – a payer; a participant of the obligatory social insurance system in respect of whom social assignments were made; recipient; the Center, the Fund, the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan, other authorized agencies.

Article 2. Relations regulated by this Law

This Law regulates the relations concerned with the establishment of additional forms of social security of the participants of the obligatory social insurance system subject to onset of social risk events according to the kinds of obligatory social insurance as stipulated by this Law.

Article 3. Legislation of the Republic of Kazakhstan about the obligatory social insurance

1. The legislation of the Republic of Kazakhstan about the obligatory social insurance is based upon the Constitution of the Republic of Kazakhstan and includes this Law and other regulations of the Republic of Kazakhstan.
2. In case when an international treaty ratified by the Republic of Kazakhstan stipulates for other rules than those comprised by this Law, the rules of international treaty shall prevail.

Article 4. Kinds of the obligatory social insurance

The obligatory social insurance is subdivided into the following kinds:

- 1) event of disablement;
- 2) event of loss of supporter of the family;
- 3) event of loss of job.

Article 5. Main principles of the obligatory social insurance

The main principles of the obligatory social insurance are the following:

- 1) universality of observance and execution of the legislation of the Republic of Kazakhstan about the obligatory social insurance;
- 2) guaranteeing by the state of measures taken for securing of social payments;
- 3) obligatoriness of participation in the obligatory social insurance system;
- 4) use of social assignments for social payments in accordance with this Law;
- 5) obligatoriness of social payments on terms as stipulated by this Law;
- 6) differentiation of amounts of social payments;
- 7) publicity in the activities of the government authorities securing the obligatory social insurance.

Article 6. Right to receipt of social payments

The state guarantees to the citizens the right to receipt of social payments in case of onset of risks according to the kinds of the obligatory social insurance on terms as established by this Law.

Article 7. Security of safe custody of social assignments

1. The state guarantees the safe custody and purpose use of social assignments in the Fund.
2. The safe custody of social assignments is secured by the following means:
 - 1) regulation of the Fund's activities by force of establishing appropriate norms and limits which ensure its financial stability and are determined by the Government of the Republic of Kazakhstan;
 - 2) carrying out of investment activity via the National Bank of the Republic of Kazakhstan;
 - 3) registration of all transactions in respect of investment management of the Fund's assets in the National Bank of the Republic of Kazakhstan;
 - 4) maintaining separate registration of the internal funds and the assets of the Fund;
 - 5) establishing of restrictions of expenses related to supporting of the Fund's activities;
 - 6) obligatoriness of conducting the annual audit;
 - 7) regular financial and statistical accounting of the Fund in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

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- 8) determination by the Government of the Republic of Kazakhstan of the list of financial instruments for investing the Fund's assets.

Article 8. Persons liable to the obligatory social insurance

The following persons shall be liable to the obligatory social insurance: employees except of employed pensioners, self-employed persons including foreigners and apatrides permanently resident within the territory of the Republic of Kazakhstan and performing activities which return interest within the territory of the Republic of Kazakhstan.

Article 9. Competence of authorized body on assignment of social payments

1. The authorized body on assignment of social payments shall be entitled to:
 - 1) make decisions about assignment or denial of assignment of social payments;
 - 2) establish the degree of disablement;
 - 3) verify the authenticity of documents;
 - 4) establish the requirements in respect of acceptance and transfer of documents required for the assignment of social payments.
2. The authorized body on assignment of social payments shall be obliged to:
 - 1) inform an applicant in writing about the decision made in respect of assignment or denial of assignment of social payments via the organization departments of the Center;
 - 2) provide for control of the opportune and full assignment of social payments and receipt thereof;
 - 3) give necessary explanations on issues of assignment and receipt of social payments.

Article 10. Rights and responsibilities of the Center and its organization departments

1. The Center and its organization departments shall be entitled to:
 - 1) carry out the acceptance and verification of completeness of documents for the purpose of their transfer to the authorized body on assignment of social payments;
 - 2) on the basis of the decision of the authorized body on assignment of social payments send to the Fund requests about transfer of money to the account of the Center;
 - 3) receive, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the funds from the republican budget for rendering of services stipulated by this Law.
2. The Center and its organization departments shall be obliged to:
 - 1) maintain the record of social assignments and social payments on the basis of social individual code and make weekly verification of receipt of social assignments with tax authorities;
 - 2) notify a recipient about deductions made from social payments;
 - 3) in case when it is necessary to return via the Center the amounts paid in excess notify a recipient about that;
 - 4) secure equal status of service for persons liable to the obligatory social insurance, irrespective of amount and periods of making assignments to the Fund;
 - 5) within three bank days transfer social assignments to the Fund;
 - 6) make up documents and present them to the authorized body on assignment of social payments for the purpose of assignment of social payments within the terms stipulated by this Law;
 - 7) provide for opportune transfer of social payments to recipients;
 - 8) transfer to payers the amounts of social assignments, which were paid in excess, within three bank days from transfer of such funds from the Fund to the account of the Center;
 - 9) ensure the confidentiality of information about the state and flow of social payments expect for cases as stipulated by the legislative instruments of the Republic of Kazakhstan;
 - 10) produce the required accounts to the authorized body on assignment of social payments and to the Fund in accordance with this Law;
 - 11) give necessary explanations in respect of issues of receipt of social payments.

Article 11. Competence of the authorized body

The authorized body shall:

- 1) carry out the analysis, evaluation and control of the financial stability of the Fund;
- 2) determine the list, forms, terms of submitting of financial and other accounts by the Fund with the view of ensuring its control and supervisory functions;
- 3) determine the qualification requirements to the top executives of the Fund in accordance with the legislation of the Republic of Kazakhstan, give consent for their appointment;
- 4) be entitled to receive the information about the Fund's activities as well as information from the government authorities and organizations, which is required for its control and supervisory functions;

- 5) be entitled to inspect the Fund's activities in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
- 6) exercise other powers in accordance with the legislation of the Republic of Kazakhstan.

Article 12. Rights and responsibilities of a participant in the obligatory social insurance system, in respect of whom social assignments were made, and of a payer

1. A participant of the obligatory social insurance system, in respect of whom social assignments were made, and a payer shall be entitled to:
 - 1) apply for the assignment of social payments via the Center and its organization departments to the authorized body on assignment of social payments in case of onset of social risks stipulated by this Law;
 - 2) receive social payments from the Fund in accordance with the procedure stipulated by this Law, irrespective of receipt of public hardship allowances;
 - 3) request and receive free of charge information from the payer, the Center and the Fund concerning the completeness and opportuneness of transfer and entering of social assignments and social payments as well as concerning the procedure of assignment and receipt of social payments;
 - 4) appeal against the actions of the authorized body on assignment of social payments and other government authorities, the Center and its organization departments related to the restriction of the rights to receipt of additional forms of social security as established by this Law;
2. A participant of the obligatory social insurance system, in respect of whom social assignments were made, and a payer shall be obliged to:
 - 1) produce documents required for the assignment of social payments in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
 - 2) during the period of receiving social payments in case of disablement and (or) loss of job to notify the organization departments of the Center about any change of accumulating pension fund with which they have signed contracts for payment of obligatory pension deposits;
 - 3) make return of mistakenly paid amounts;
 - 4) pass re-examination and observe the periods of passing re-examination in cases stipulated by the legislation of the Republic of Kazakhstan.

Article 13. Rights and responsibilities of a payer

1. A payer shall be entitled to:
 - 1) reimbursement of mistakenly paid amounts of social payments;
 - 2) request and receive free of charge from the Center necessary information about transferred amounts in accordance with the procedure established by the legislation of the Republic of Kazakhstan;
 - 3) enjoyment of other rights in accordance with this Law.
2. A payer shall be obliged to:
 - 1) make opportune and complete payment of social assignments and a fine for inopportune and (or) incomplete payment of social assignments;
 - 2) independently conduct calculation and re-calculation of the amounts of social assignments to be paid to the Fund as well as calculation of a fine in case of inopportune and (or) incomplete payment of social assignments;
 - 3) produce to the tax authorities calculations of charged and transferred social assignments.

SECTION 2. SOCIAL ASSIGNMENTS

Article 14. Amount of social assignments

1. The social assignments which are subject to payment to the Fund in respect of participants of the obligatory social insurance system shall be established in the amounts as follows:

from January 1, 2005: 1.5 percent from the object of calculation of social assignments;

from January 1, 2006: 2 percent from the object of calculation of social assignments;

from January 1, 2007: 3 percent from the object of calculation of social assignments;
2. For self-employed persons who fall under the special tax treatment in accordance with the tax legislation of the Republic of Kazakhstan, the amount of social assignments to be paid by such persons in their favor shall make up:

from January 1, 2005: 1.5 percent from the minimum wages established by the legislative instrument of the Republic of Kazakhstan;

from January 1, 2006: 2 percent from the minimum wages established by the legislative instrument of the Republic of Kazakhstan;

from January 1, 2007: 3 percent from the minimum wages established by the legislative instrument of the Republic of Kazakhstan;

Article 15. Calculation of social assignments

1. The calculation of expenses of an employer, which are paid out to an employee in the form of earnings, shall be made in accordance with the procedure stipulated by the Tax code of the Republic of Kazakhstan, with inclusion in the expenses of an employer which are paid out in the form of earnings to employees of cash allowance of military servants, officers of internal affairs

employer, which are paid out in the form of earnings to employees of cash allowance of military services, officers of internal affairs services, Committee of criminal-executive system of the Ministry of Justice of the Republic of Kazakhstan, financial policy agencies and public fire-prevention services.

2. The calculation of social assignments, which are paid out in respect of participants in the obligatory social insurance system, shall be made every month.

The calculation of social assignments, which are paid out by self-employed persons in respect of themselves, shall be made within the terms stipulated by the Tax code of the Republic of Kazakhstan for respective forms of tax treatment.

At that, monthly income shall be taken for the purpose of calculating social assignments in the amount not exceeding tenfold size of the minimum wage as stipulated by the legislative instrument of the Republic of Kazakhstan.

3. The procedure and terms of calculating social assignments shall be established by the Government of the Republic of Kazakhstan.

Article 16. Procedure of payment of social assignments

1. Social assignments to the Fund shall be paid by payers, with the exception of those using special forms of tax treatment, by means of making payments through the bank account of the Center before the 15th day of a month following the reporting month.
2. The payment of social assignments by a payer, which uses special forms of tax treatment, shall be made within the terms stipulated by the Tax code of the Republic of Kazakhstan.
3. As the day of payment of social assignments which is made in cashless form shall be considered the day of obtaining payment order acceptance for the amount of social assignments from the bank or organization performing certain kinds of banking operations; and in cash form – from the time of making payment of social assignments by a payer to the bank.

Article 17. Liability of a payer

1. The amounts of social assignments, which were transferred out of time, shall be collected by the tax authorities or shall be subject to transfer by a payer with accrued fine to the account of the Fund in the amount of the double official refinancing rate as established by the National Bank of the Republic of Kazakhstan for each day of delay (inclusive day of payment to the Fund).
2. In case of incomplete and (or) inopportune transfer of social assignments the tax authorities shall be entitled to collect from bank accounts of a payer funds within the limits of arisen indebtedness in accordance with the procedure established by the legislative instruments of the Republic of Kazakhstan.
3. Banks and organizations performing certain kinds of banking operations shall be obliged to transfer the amounts of social assignments to the account of the Fund on the day of charging-off those amounts from the bank account of a payer.

Article 18. Notification about assignments made

A payer shall quarterly, before the 15th day of the month following the reporting quarter, produce to the tax agency, which such payer is registered with, calculations of charged and transferred social assignments in respect of participants of the obligatory social insurance system, unless otherwise provided by the legislation of the Republic of Kazakhstan.

Article 19. Return of amounts of social assignments which were paid in excess

An amount of social assignments which were paid by a payer in excess shall be transferred by the Fund to the bank account of such payer within ten bank days from the date of receipt of appropriate application.

SECTION 3. ASSIGNMENT OF SOCIAL PAYMENTS

Article 20. Applying for assignment of social payments and periods of examination of documents for assignment of social payments

1. Applying for assignment of social payments shall be done by means of submitting an application in accordance with the form established by the authorized body on assignment of social payments, to the organization departments of the Center by place of residence of an applicant. An application shall be accompanied with documents the list of which is established by this Law.
2. The organization departments of the Center shall, within five business days from the date of acceptance of the documents required for assignment of social payments, convey them to the authorized body on assignment of social payments.
3. The authorized body on assignment of social payments, within ten business days from the date of receipt documents, examine them and make decision about assignment or denial of assignment of social payments. In case of denial of assignment of social payments it shall notify the applicant in writing about the reasons of such denial and return the submitted documents to the applicant through the organization departments of the Center.
4. The authorized body on assignment of social payments shall be entitled to verify the validity of submitted documents.

To that end, it may send the submitted documents for expert examination and verify the availability of documents, which were the basis of the issue thereof. At that, the applicant shall be notified in writing about any delay in making decision about assignment of social payments and any periods of prolongation of decision-making terms, which shall not exceed one month.

5. In case of subsequent application, the authorized body on assignment of social payments, within five business days after receipt of the second application, shall make decision about assignment or denial and notify the applicant about that in writing through the organization departments of the Center stating the reasons of denial and the procedure of appeal.

The decision of the authorized body on assignment of social payments may be appealed against in accordance with the judicial procedure.

6. In case when a participant of the obligatory social insurance system, in respect of which social assignments were made, is declared to be the recipient, social payments shall be assigned from the date of applying by such person for the assignment of social payments.
7. The date of submitting the application to the organization departments of the Center shall be considered to be the date of applying for the assignment of social payments from the Fund.
8. The amounts of social payments, which were received inopportunistically or incompletely through the fault of the authorized body on assignment of social payments, the Center and (or) the Fund, shall be paid out for the past period without any limitation of the terms and shall be subject to indexation in the amount not exceeding the double official refinancing rate established by the National Bank of the Republic of Kazakhstan as per the date of paying out of such amounts for each day of delay (inclusive the date of payment) in accordance with the procedure established by the Government of the Republic of Kazakhstan.

Article 21. Assignment and amount of social payment in case of disablement

1. The social payment in case of disablement shall be assigned to a participant in the obligatory social insurance system, in respect of which social assignments were made, irrespective of the fact, whether such participant at the time of applying for social payment continues to work or not.
2. For the purpose of assigning the social payments in case of disablement the application shall be enclosed with:
 - 1) identifying document of the person;
 - 2) information about place of residence;
 - 3) information about passing of examination and establishing the degree of disablement.
3. The procedure of examination and establishment of the degree of disablement shall be determined by the authorized body on assignment of social payments by coordination with the authorized government agency in the field of health protection in accordance with the legislation of the Republic of Kazakhstan. The period of documents execution shall not exceed one month from the date of submitting the application.
4. The social payment in case of disablement shall be assigned starting from the date of applying for assignment of social payments by a person for the whole established period of disablement.

In case of change of the degree of disablement the social payment shall be made in the amount corresponding to the newly established degree of disablement, from the date of change of the degree of disablement. At that, the authorized body on assignment of social payments, within three business days, shall notify the Center and its organization departments about the decision made in respect of change of the amount of social payments.

In case when a person after re-examination is declared to be capable of working the social payment shall be ceased from the date of making decision by the authorized body on assignment of social payments about declaring of that person to be capable of working. At that, the authorized body shall notify within three business days the Center and its organization departments about the decision made.

5. The amount of monthly social payments in case of disablement shall be determined by means of multiplication of the average monthly amount of earnings over the last twenty-four months which was taken into account as the object of social assignments, less eighty percent from the minimum wage established by the legislative instrument of the Republic of Kazakhstan, by appropriate factors of income substitution, disablement and standing of participation. At that, the income substitution factor shall be – 0.6.

The disablement factor shall be as follows: for disabled persons, the degree of disablement of which ranges from eighty to one hundred percent – 0,7; for disabled persons, the degree of disablement of which ranges from sixty to eighty percent – 0,5; for disabled persons, the degree of disablement of which ranges from thirty to sixty percent – 0,3.

The standing of participation factor for a participant in the obligatory social insurance system, in respect of which social assignments were made, shall be as follows: less than six month – 0,1; from six to twelve months – 0,7; from twelve to twenty-four months – 0,75; from twenty-four to thirty-six months – 0,85; from thirty-six to forty-eight months – 0,9; from forty-eight to sixty months and more – 1,0.

6. When a recipient reaches the age entitling to receipt of pension payments by age, the social payments in case of disablement shall be ceased.

Article 22. Assignment and amount of social payment in case of loss of supporter of the family

1. The following family members of a deceased (declared by the court to be missing or declared to be deceased) supporter of the family who was the participant of the obligatory social insurance system, in respect of which social assignments were made, shall have the right to assignment and receipt of social payments in case of loss of supporter of the family:
 - 1) children including those adopted, brothers, sisters and grandchildren aged below eighteen years and above eighteen years when they became disabled persons before reaching of eighteen years. At that, brothers, sisters and grandchildren, provided that they do not have able-bodied parents, or when they do not receive alimony from the parents. In case when the persons listed in this subparagraph are students of educational institutions of the secondary comprehensive, primary vocational, full-time secondary vocational and higher vocational education, the social payment shall be carried out till graduation from the educational institution;
 - 2) one of parents or a spouse, or grandfather, grandmother, brother or sister, irrespective of the age and ability to work, when he (she) is engaged in care of children, brothers, sisters or grandchildren of a deceased (declared by the court to be missing or declared to be deceased) supporter of the family, who are below the age one year and six months.
2. The social payments assigned to the children who are left without parents care and whose parents were the participants in the obligatory social insurance system, in respect of which social assignments were made, shall be paid out to adoptive parent, guardian (tutor) for each lost parent in accordance with the legislative instruments of the Republic of Kazakhstan.
3. The social payments for persons, who were declared to be handicapped persons of the I or II group from birth, shall be assigned for the period of establishing of the disablement.
4. For the purpose of assignment of social payment in case of loss of supporter of the family the application shall be enclosed with:
 - 1) identifying document of the person;
 - 4) information about composition of the family;
 - 5) duplicate of the certificate of death of the supporter of the family or of the court's decision about declaring such person to be missing or deceased;

- 6) duplicate of a document evidencing the allied relation with the deceased (declared by the court to be missing or declared to be deceased) supporter of the family (marriage certificate, certificates of birth of children of the deceased supporter, certificates of adoption);
 - 7) certificate issued by an educational institution confirming that the family members are students or trainees (to be issued anew at the beginning of each academic year);
 - 8) document about guardianship (if required);
 - 9) information about conducting of examination and establishing of disability group (in case when children, including adopted brothers, sisters and grandchildren aged below eighteen years and above that age, are declared to be handicapped persons of the I or II group from birth).
5. For all family members who were dependants of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family, who are entitled to assignment and receipt of social payments in case of loss of supporter of the family, one social payment shall be assigned.
6. By written request from a family member who was dependant of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family, his share of social payment shall be segregated and paid out to him separately.
- The segregation of a share in social payment shall be made from the date of applying to the authorized body on assignment of social payments.
7. The decision about the change of number of family members who were dependants of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family, and, respectively, about the re-calculation of social payments shall be made by the authorized body on assignment of social payments on the basis of a written application of a family member who was dependant of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family. At that, the amount of social payment shall be respectively increased or decreased according to the number of family members who are entitled to receive social payments.
8. The amounts of monthly social payments in case of loss of supporter of the family shall be determined by means of multiplication of the average monthly amount of earnings over the last twenty-four months which was taken into account as the object of social assignments, less eighty percent from the minimum wage established by the legislative instrument of the Republic of Kazakhstan, by appropriate factors of income substitution, number of dependants and standing of participation. The social payments in case of loss of supporter of the family shall be paid out to the family members of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family, who were dependants of such person, every month during the period of time in the course of which a member (members) of the family of the deceased (declared by the court to be missing or declared to be deceased) supporter of the family retains (retain) the right to receipt of social payments.
9. The factor of the number of dependants shall be determined according to the number of persons who were dependants of a participant of the obligatory social insurance system, in respect of which social assignments were made before his death, and shall be as follows: in case of one dependant – 0,4; two dependants – 0,5; three dependants – 0,6; four and more dependants – 0,8. At that, the income substitution factor and the standing of participation factor shall be calculated in accordance with Article 21 of this Law.

Article 23. Assignment and amount of social payment in case of loss of job

1. The social payment in case of loss of job shall be assigned from the date of applying of a person for registration in the capacity of unemployed person to the authorized body on employment issues.
2. For the purpose of assignment of social payment in case of loss of job the application shall be enclosed with:
 - 1) identifying document of the person;
 - 2) information about place of residence;
 - 3) certificate of the authorized body on employment issues;
3. The amounts of social payment in case of loss of job shall be determined by means determined by means of multiplication of the average monthly amount of earnings over the last twenty-four months which was taken into account as the object of social assignments, by appropriate factors of income substitution and standing of participation.
At that, the income substitution factor shall be – 0,3, and the standing of participation factor shall be calculated in accordance with Article 21 of this Law.
4. In the event when social assignments were made in respect of a participant of the obligatory social insurance system, such participant shall be entitled to receive the social payment in case of loss of job calculated in calendar terms as follows:
 - from six to twelve months – not less than for one month period;
 - from twelve to twenty-four months – during two months period;
 - from twenty-four to thirty-six months – during three months period;
 - over thirty-six months – during four months period.
5. In case when a participant of the obligatory social insurance system, in respect of which social assignments were made, receives social payments in case of loss of job, but in connection with getting fixed up in a job he lost his right to receive social payments in case of loss of job, the scheduled social payments shall be assigned on the basis of the fact that for each month of receiving social payment in case of loss of job there shall be deducted twelve months, during which social payments were made in respect of such participant of the obligatory social insurance system.

Article 24. Increase and calculation of the amount of social payments

The procedure of increase and calculation of the amount of social payments from the Fund shall be determined by the Government of the Republic of Kazakhstan.

SECTION 4. SOCIAL PAYMENTS AND DEDUCTIONS THEREFROM

Article 25. Social payments from the Fund

Article 25. Social payments from the Fund

The social payments shall be made through the organization departments of the Center before the 15th day of a month following the reporting month, in which the decision of the authorized body on assignment of social payments was made, by means of entering in the personal accounts of a recipient. For any delay in payment a fine shall be imposed in accordance with paragraph 8 of Article 20 of this Law.

Article 26. Deductions from social payments

The obligatory pension deposits shall be deducted from social payments in case of disablement and (or) loss of job and shall be transferred to the accumulating pension fund of the recipient in accordance with the legislation of the Republic of Kazakhstan about provision of pensions.

At that, the recipients of social payments in case of disablement and (or) loss of job after making by the authorized body on assignment of social payments of decision about assignment of social payments ion respect of such recipients, they shall produce to the organization departments of the Center a duplicate of pension contract with an accumulating pension fund.

SECTION 5. STATE SOCIAL INSURANCE FUND**Article 27. State Social Insurance Fund**

1. The State Social Insurance Fund is a non-commercial organization in the form of a joint-stock company, the sole founder and participant of which is the state.
2. The Fund bears responsibility for all its obligations with all its property.

Article 28. Activities of the Fund

The Fund carries out its activities at the expense of the commission fee collected from the assets of the Fund.

The marginal interest value of commission fee as well as the mechanism of its implementation shall be established annually by the Government of the Republic of Kazakhstan. The internal funds of the Fund shall be formed of include the authorized capital stock and the commission fee.

Article 29. Rights and responsibilities of the Fund

1. The Fund shall be entitled to:
 - 1) carry out accumulation of obligatory social assignments;
 - 2) carry out the activities related to securities and other financial instruments in accordance with the procedure established by the Government of the Republic of Kazakhstan;
 - 3) receive commission fee for the purpose of carrying out the activities of the Fund;
 - 4) receive information from the Center about flow of funds;
 - 5) request and receive information from the participants of the obligatory social insurance system which is required to support the activities of the Fund, except for the cases as stipulated by the legislative instruments of the Republic of Kazakhstan.
2. The Fund shall be obliged to:
 - 1) ensure opportune transfer of funds for the purpose of making social payments by the Center;
 - 2) place temporarily available funds of the Fund to financial instruments via the National Bank of the Republic of Kazakhstan;
 - 3) ensure conducting of annual audit;
 - 4) fulfill other obligations in accordance with the legislative instruments of the Republic of Kazakhstan.
3. The Fund shall not be entitled to:
 - 1) pledge the assets of the Fund;
 - 2) carry out any business and other activities which are not stipulated by this Law.

Article 30. Investment activities of the Fund

1. The Fund shall carry out investment activities by means of allocation of the Fund's assets to the financial instruments via the National Bank of the Republic of Kazakhstan on the basis of the Contract to be signed between the Fund and the National Bank of the Republic of Kazakhstan.
2. The National Bank of the Republic of Kazakhstan shall keep record of any transactions related to accumulation and placing of the assets of the Fund, receiving of investment income, and shall produce to the Fund each month a report about the state of accounts and investment activities with the assets of the Fund in accordance with the signed contract.

Article 31. Formation of the assets of the Fund

1. The assets of the Fund shall be formed at the expense of:
 - 1) social assignments, fine received for delay in making social assignments, investment income less the commission fee for the purpose of supporting the activities of the Fund;
 - 2) other sources which are envisaged by the legislation of the Republic of Kazakhstan.
2. The assets of the Fund may be used for the following purposes only:
 - 1) making of social payments in accordance with this Law;
 - 2) placing in financial instruments the list of which shall be established by the Government of the Republic of Kazakhstan;
 - 3) repayment of the amounts of social payments which were paid in excess and of other funds which were entered by mistake.

Article 32. Accounting and statements

1. The Fund shall maintain business accounting and produce financial statements of the internal funds and the assets of the Fund separately in accordance with the procedure established by the legislation of the Republic of Kazakhstan.
2. The Fund shall ensure accounting and keeping of documents used in the business accounting and for making financial statements. The list of principal documents which are subject to keeping as well as periods of keeping thereof shall be established by the legislation of the Republic of Kazakhstan.

SECTION 6. FINAL PROVISIONS

Article 33. Settlement of disputes

Any disputes which may arise between the Fund, the Center, government authorities, natural and legal persons in respect of the implementation of this Law shall be settled in accordance with the legislation of the Republic of Kazakhstan.

Article 34. Liability for breach of the legislation of the Republic of Kazakhstan about the obligatory social insurance

Persons guilty of breach of the legislation of the Republic of Kazakhstan about the obligatory social insurance shall be held liable in accordance with the laws of the Republic of Kazakhstan.

Article 35. Procedure of giving effect to this Law

This Law shall take effect from January 1, 2005.

**President
of the Republic of Kazakhstan**