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The Insolvency Review: Kazakhstan

Insolvency law, policy and procedure

i) Statutory framework and substantive law

Kazakhstani legislation regulates insolvency of legal entities and individual entrepreneurs. Insolvency of private individuals has been considered by local legislators since 2014 but has not yet been introduced.

Legal entities and individual entrepreneurs are subject to the same regulation. Therefore references in this chapter to the insolvency of legal entities shall be considered as references to both legal entities and individual entrepreneurs, unless otherwise provided herein.

The main legislative act regulating the insolvency of legal entities in Kazakhstan is the Law of the Republic of Kazakhstan 'On Rehabilitation and Bankruptcy' No. 176-V dated 7 March 2014 (the Bankruptcy Law). The Bankruptcy Law sets out, inter alia:

- ▶ insolvency proceedings;
- ▶ insolvency criteria;
- ▶ rights and obligations of the involved parties;
- ▶ insolvency procedures;
- ▶ distributional priorities.

Some legal entities are subject to specific regulation of insolvency proceedings (as set out below) under other legal acts.

ii) Policy

The insolvency regime is considered one of the main priorities of the Kazakhstani government as set out in the following soft law documents:

- ▶ Strategic Development Plan until 2025 sets out opportunities for further improvement of the insolvency proceedings of legal entities and introduction of insolvency proceedings of private individuals as one of the initiatives for development of competitive enterprises; and
- ▶ Development Strategy until 2050 envisages the creation of an effective private sector economy, which, in turn, anticipates the rehabilitation of businesses in financial difficulties rather than their liquidation.

In line with the prevailing attitude to keep failing businesses operating, the latest major legislative changes introduced into the Bankruptcy Law in 2019 were aimed at improvement of insolvency criteria for the purposes of greater separation of rehabilitation and bankruptcy, including another approach to assessment of the debtor's insolvency.

The Ministry of Finance of the Republic of Kazakhstan is the authorised body in the field of rehabilitation and bankruptcy.

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