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1. Decree of Cabinet of Ministers approving criteria for oil and non-public sector

Decree of Cabinet of Ministers

The Cabinet of Ministers of the Azerbaijan Republic adopted the Decree № 56 dated 18 February 2019 approving criteria of oil and gas and non-public sector for the Tax Code purpose.

Criteria for oil and gas activity are as follows:

1. State Oil Company of Azerbaijan Republic (SOCAR) and companies which are part of SOCAR
2. Contractor Parties and Operating Companies operating under Production Sharing Agreements (PSA) and similar agreements
3. Foreign and national subcontractors working for the companies listed in Points 1 and 2
4. For existing subcontractors – if revenue from provision of services, works and goods to companies listed in Points 1 and 2 exceeds 50% of revenue for previous year
5. For newly established subcontractors – from beginning of the year up until provision of the services, goods and works to the companies listed in Points 1 and 2 shall apply tax rates fixed in the Article 101.1-1 of the Tax Code (0%-14%). If revenue from provision of services, works and goods to Companies listed in Point 1 and 2 exceeds 50% of total revenue then tax payer will have to apply tax rates fixed in Clause 101.1 of the Tax Code (14-25%).
6. Non-Public sector includes legal and physical entities excluding public legal entities, budgetary organizations, organizations funded from budget and state funds, companies with 51% shares directly and indirectly owned by state.

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