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Payment of compulsory medical insurance contributions

In accordance to the amendments made to the Law “On Medical Insurance”, payment of contributions for compulsory medical insurance will be postponed till 01 January 2021 in respect to below category of physical persons:

- Contracted employees
- Registered self-employed individuals (those individuals having Tax ID, private notaries, Bar members)
- Subcontracted service providers
- Military servants
- Those appointed by Parliament or relevant Executive Authority

For others the Law shall come into force from 01 January 2023.

COVID-19 restrictions

The Cabinet of Ministers approved Decree # 124 dd 02 April 2020 on the measures on preventing spread of COVID-19 in the territory of Azerbaijan. As per Decree:

- Employees of companies which allowed to work shall get permit using Government portal www.icaze.e-gov.az
- Employees of companies prohibited to work shall also get permit using the same website.

The activities allowed to work are:

1. Executive authorities and organizations, the list of which is determined by the Cabinet of Ministers of the Republic of Azerbaijan.

2. In the field of health and social care:

- Research and laboratory services
- Services for hospitals, clinics and other medical institutions

3. In the field of infrastructure:

- Utilities (sewerage and water supply, gas supply, heating, energy distribution)
- Electricity generation and supply
- Water supply and reclamation

- Telecommunications and communication services

4. In the field of transport and logistics:

- Cargo transportation by air, sea, rail and road
- Railway, shipping, port and highway services
- Logistics services
- Public transport and taxi services

5. Main types of production:

- Production of defense industry products
- Manufacture of oil equipment and facilities
- Production and supply of food and raw materials, supply, storage and wholesale of food products
- Production of daily care and hygiene products
- Production of chemical products
- Production and processing of agricultural products, including the activities of farms
- Agriculture and harvesting
- Production, refining, storage and sale of oil and gas
- Transmission of oil and gas through pipelines
- Activities in the metallurgical industry
- Production and repair of construction and household equipment
- Engineering and design services
- Construction and repair of civil and industrial buildings and facilities, roads
- Production of packaging products
- Manufacture of stone, metal and wood products
- Furniture production and repair
- Slaughter of live animals

6. For retail and wholesale:

- Food outlets
- Pharmacies

- Filling stations
- Zoo shops, including animal feed outlets
- Sales points for construction materials and household items

7. On household services

- Collection and utilization of household waste
- Postal services
- Dry cleaning
- Cleaning of residential buildings except apartments
- Car repair
- Car washes
- Translation services
- Animal shelters
- Design services

8. The mass media

9. On financial institutions

- Banks and currency exchange offices
- Insurance organizations
- Organizations providing payment services and clearing services

10. On special types of services

- Delivery services
- Repair of household appliances
- Disinfection services
- Advocacy

Others will be allowed to leave home for below reasons:

- Medical treatment (code 1, for 2 hours only)
- Purchase of food and drugs (code 2, for 2 hours once a day)
- Visits to post-offices and banks (code 2, for 2 hours once a day)
- Funeral (code 3)

Such individuals will have to send messages to 8103 with above codes and ID card number.

For example, you need to leave your home to go to supermarket. You will need to send 2 AZE 1111111 to 803. You will get message showing time you

will need to get back.

Those who have emergency situation with health and safety will not need to send any message to leave home.

Those who have summons from court or police also do not need to send message but will need to present summons to police if stopped.

The portal can be used from 10a.m. on 3 April 2020.

Government support of business

The Ministry of Economy has advised that they prepared 9 programs to support business and population of Azerbaijan. The total value of these programs is AZN 2.5B. The Government has identified 20 sectors of economy badly affected by COVID-19.

The 1st program will cover 44,000 companies engaged in such sectors of economy as catering, services, tourism, hotel etc. with 304,000 employees in total. These companies are affected by COVID19 in 100%. 100% payroll costs of these companies shall be paid by the Government.

The program also covers companies affected by COVID-19 and with assessed damage in 70%. 50% of payroll costs of these companies will be compensated by the Government.

The 2nd program will cover 290,000 subjects of micro business (when revenue does not exceed 200,000 AZN per annum and number employees from 1 to 10). They will get funding in the amount of tax payments made in 2019.

The 3rd program will provide tax incentives and holidays to businesses in country. Tax payers will be paying less taxes to compensate their losses in the months affected by COVID-19.

The 4th program will provide financial support to mortgage borrowers.

The 5th program will provide financial support for companies engaged in passenger transportation.

The 6th program will provide rate reduction in electricity and utilities for population.

The 7th program will cover social problems of population.

The 8th program will provide compensation by Government of payments of interest for bank credits with interest rates up to 10% per annum.

The 9th program will provide compensation by Government of payments of interest for bank credits with interest rates up to 15% per annum.

The details shall be declared in coming days. We will share full information once it becomes official.

Employment issues due to COVID-19 impact

COVID-19 has led to reduction of working hours or suspension of operation of some companies with no their fault. As result companies seek ways to minimize payroll costs. In our opinion, the most efficient solution in current

situation would be to agree with employee to take unpaid vacation. This will allow avoiding employee complaints, Government investigations and legal costs. In case the company will still has to terminate employment contracts then there are at least 2 ways to do it:

1. Change of working conditions. The Labor Code requires to issue 1 month written notice to change the working conditions of employees by reducing working hours and salary proportionally. If an employee refuses to accept proposed changes to the employment contract, employer has right to transfer such employee to another position. If the employee disagrees with such transfer, the employer has right to terminate his employment contract with 2 month compensation payment plus compensation for any unused vacation.
2. Redundancy

Depending on work seniority redundancy payment shall be made as follows:

- 1) Salary for notice period:

Up to 1 year- 2 calendar weeks
From 1 to 5 years – 4 calendar weeks
From 5 to 10 years –6 calendar weeks
Over 10 years – 9 calendar weeks

- 2) Redundancy allowance includes:

Up to 1 year- minimum 1 time of average monthly salary
From 1 to 5 years – minimum 1.4 time of average monthly salary
From 5 to 10 years – minimum 1.7 time of average monthly salary
Over 10 years – minimum 2 times of average monthly salary

- 3) Compensation for unused vacation shall be paid to employee.

Please note that termination or reduction of salaries is the last option to take as always subject to complaints and investigation from authorities. The Government urged all employers not to consider termination of employment contracts and they may impose moratorium on such termination in coming days.

Decree of Cabinet of Ministers re special working regime during quarantine period

On 31 March 2020 The Cabinet of Ministers approved Decree # 122 on Special working regime during quarantine period.

The Decree fixes such regime for the period from 31 March to 20 April 2020.

As per Decree Production Calendar and allowed working hours shall remain unchanged. The Production Calendar, approved by the Azerbaijan Ministry of Labor on 16 December 2019, shows allowed working hours for each month of 2020. Despite number of working hours in March 2020 were reduced due to COVID-19 number of working hours for March 2020 shall remain 127 hours as per Production Calendar for payroll calculations.

Visa issues during COVID-19

Issuance of electronic visa thru portal EVISA.GOV.AZ has been suspended till

25 April 2020. Those having valid visa and managed to enter Azerbaijan will be placed in mandatory quarantine for 2 weeks.

The Government has declared that foreigners may still stay in country till 30 April 2020 if their visa got expired and they do not need to apply for visa extension. Such foreigners will not be penalized or blacklisted providing they pay online state duty (Those over 18 will have to pay AZN 30 for 30 day stay and AZN 60 for 60 days. Those below 18 will pay half of the duties) for visa on migration.gov.az or asanpay.az or gpp.az

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