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Expected easing of Special Quarantine regime in Azerbaijan

Operational headquarters of the Azerbaijan Cabinet of Ministers has declared that situation with COVID-19 spread in country has stabilized and as result from 06:00a.m. 05 August 2020 they will start easing of Special Quarantine regime in country.

Restrictions including obtaining permits at icaze.e-gov.az and thru SMS system will be cancelled.

Beaches will be open within rules established by Ministry of Ecology and Natural Resources.

It is still prohibited for people to gather in groups more than 5 people in public places, on boulevards and parks.

Schools, museums, restaurants, shopping malls, gyms, cinemas and educational institutions will be still closed.

Entry and exit to Azerbaijan will be restricted (excluding charter flights).

Criteria for risky tax payers and risky transactions

Azerbaijan Cabinet of Ministers adopted Decree # 265 dated 28 July 2020 approving criteria for risky tax payers and risky transactions within provisions of Article 13.2.82 of the Tax Code.

Criteria for risky taxpayer

Any taxpayer meeting at least one of the below criteria shall be considered a risky taxpayer:

- when a person conducting below risky transactions;
- when it is discovered that the taxpayer conducts non-commodity transactions;
- when a trader has no tax registered warehouse (including a leased one) or there is a discrepancy between area of registered warehouse with volume of imported or purchased goods (excluding ex-works supply to customer);
- when during tax control procedures it is discovered that goods purchased by a taxpayer do not conform to the type of activity of a taxpayer (excluding office stationery and inventory) get sold without proper documentation;
- when the volume of imported or purchased goods three times exceeds turnover during the past 6 months (excluding seasonal

supply);

- when a legal entity owned or headed by physical person who is considered as a risky taxpayer;
- when a legal entity's founder (shareholder) or head is a shareholder or head of a risky taxpayer;
- physical person heading board of over five legal entities and legal entities headed by such physical persons

Criteria for risky transactions

- when it is discovered that assortment of sold goods differs from assortment of purchased or imported goods
- when it is discovered that volume of sold goods exceeds volume of purchased or imported goods

Risky tax payers will have their names published on website of State Tax Office's and

- will be subject to additional tax control measures
- will be allowed to get tax refund after tax audit only
- will not be allowed to claim VAT back

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