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Tax Code amendments

The President of the Azerbaijan Republic approved amendments to the Tax Code to be valid from 01 January 2024.

General provisions

- Taxi operators shall share their data with tax authorities on monthly basis. Failure to do so will result in penalty of 1,000 AZN
- Tax payers engaged in provision of public utilities and communications will be also sharing their data with tax authorities
- Tax payers procuring works, services and goods now have duty to make sure their vendors have resources and facilities to supply such goods, services and works
- Identification of risky tax payers, procedure of inclusion and removal from the list will be determined by Cabinet of Ministers. Significant financial penalties will be imposed on such tax payers when non-commodity transactions discovered as result of tax control.

Value Added Tax (VAT)

- Time of VATable transaction will be date of receipt of VAT to deposit account and/or as net amount received to bank account.
- Tax payers will be allowed now to issue electronic tax invoices for prepayments
- VAT on tax deductible entertainment, accommodation and meal expenses will be allowed to claim back.

Corporation and Personal Income Tax (CIT and PIT)

- Tax rate on dividends reduced from 10% to 5%.
- Purchase of goods from individuals without tax registration based on purchase acts and till receipts shall be considered as tax deductible costs within amount not exceeding 2% of income and costs (at the highest)
- Repair rate for trucks for CIT purpose will be 8% of depreciated value of trucks
- Repair of rented fixed assets shall be considered as tax deductible costs proportionally within rent period but not less than 5 years.
- Tax payers engaged in cargo transportation with turnover over 200,000 AZN will be no longer simplified tax payers and instead will become VAT and CIT payers
- Tax exemptions in agricultural sector extended for 3 more years
- Tax deductibility of accommodation, entertainment and meal expenses will be determined by Cabinet of Ministers of Azerbaijan

- CIT will be calculated by tax authorities on 50% deemed profit basis if tax payer fails to declare revenue but related cost information gained from 3rd parties.
- Tax payers which are subjects of micro business will still use 75% tax exemption on profits if they have at least 3 employees and having no debt due for social contributions
- 200 AZN of interest income of individuals from manat deposits in banks will be tax exempt. Interest income of individuals from manat deposits in banks for period over 18 months will be fully tax exempt for next 3 years.

Excise tax

Excise tax rates will change as below:

- Vodka, cognac and cognac materials, liquor and liquor materials – 4.8 AZN per liter
- Champagne – 0.2 AZN per liter
- Vine and vine materials – 0.2 AZN per liter
- Beer and beer containing drinks (excluding non-alcoholic ones) – 0.4 AZN per liter
- Energetic drinks – 3.1 AZN per liter
- Liquid for electronic cigarettes – 100 AZN per liter
- Cigarettes – 45.5 AZN per 1000 pcs
- Thin Cigars – 45.5 AZN per 1000 pcs
- Cigars – 1 AZN per pcs

Living minimum change

The President signed Decree on approval of changes to the Law on living minimum in the Azerbaijan Republic from 01 January 2024. In accordance with the Decree living minimum in country is 270 AZN, for working population it is 287 AZN, 222 AZN for pensioners and 235 AZN for children.

Law on suspension of the audits

The President signed Decree on approval of changes to the Law on suspension of the audits.

According to the Law audits to be conducted by the local authorities other than those connected to the tax, customs, fire protection, radiation safety, construction safety and health of population (medicament and food quality control) get suspended till 01 January 2025.

Labor Code amendments

In accordance with the Amendment made to Labor Code dated November 18, 2023 probation period cannot exceed 2 weeks for employment contracts with duration up to 6 months.

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