

TAXATION IN THE FINANCIAL SERVICES INDUSTRY

PROGRAM OUTLINES

Introduction to the tax system

- General definitions
- Tax system in the Republic of Azerbaijan

Profit tax

- Accounting for profit tax
- Revenue and expense recognition for banks, insurance and leasing companies
- Loss carryforward
- Revenue classification for tax purposes
 - Income from banking activities
 - Insurance and non-insurance income
 - Income from leasing activities
 - Non-sales income
 - Other income
- Valuation of assets for taxation purposes
- Market price considerations
- Transfer pricing
- Taxable income (Banks)
 - Commission income and service fees
 - Interest income on deposits, loans and securities
 - Income from sale of securities
 - Income from derivatives
 - Income from factoring and similar arrangements
 - Other income
- Taxable income (Insurance companies)
 - Insurance premiums
 - Decrease in insurance reserves
 - Reinsurance premiums and commissions
 - Subrogation income
 - Interest income on deposits and investments
 - Other income
- Other taxable income for financial institutions
 - Income from financial leasing
 - Income from leasing
 - Income from disposal of fixed assets
 - Dividend income
 - Income from derivatives and securities
 - Bad debts write off (creditor)

PROGRAM OUTLINES

- Gratuitous transfer of assets
- Foreign exchange gain
- Other income
- Expenses
 - Deductible and non-deductible expenses
 - Interest expenses
 - Loan loss provisions (CBAR and FIMSA regulations)
 - Insurance reserves
 - Amortization expenses
 - Repair expenses
 - Business trip expenses
 - Advertisement and sponsorship expenses
 - Insurance and reinsurance expenses
 - Foreign exchange loss
 - Other expenses

Withholding tax (WHT)

- General provisions
- Taxation of payments to non-residents / individuals
 - Dividend payments
 - Interest payments
 - Payments for plastic card services
 - Royalty and rent payments
 - Insurance and reinsurance payments
 - Provision of goods
 - Commission fees
 - Brokerage fees
 - Payments to individuals for provision of services
 - Payments to jurisdictions with preferential tax regimes
 - Transfers to digital wallets
- Withholding tax administration
- Double Tax Treaties considerations

Value added tax (VAT)

- General provisions
- VATable and non-VATable transactions
- VAT recognition period
- Financial and non-financial services
- Reverse-charge VAT concept
- VAT administration

PROGRAM OUTLINES

Personal income tax (PIT), social insurance contributions (SIC) and unemployment insurance contributions (UIC)

- Taxable income of employees
- Income subject to SIC and UIC
- Provisions of Law on Social Insurance and Unemployment Insurance Law
- Exemptions from PIT, SIC and UIC
- PIT, SIC and UIC administration

Property tax

- General provisions
- Property tax calculation
- Insured fixed assets
- Property tax administration

Simplified tax

- Encashment
- Sale of immovable property
- Other issues

Other taxes

- Excise tax
- Land tax
- Mining tax
- Road tax