

INTRODUCTION AND GENERAL OVERVIEW OF THE AZERBAIJANI TAXATION SYSTEM

PROGRAM OUTLINES

Introduction to the tax system

- General definitions
- Tax system in the Republic of Azerbaijan
- Tax audits
- Tax refund

Profit tax

- Profit tax definition and payers
- Taxable base: practical issues
- Recognition of income and expenses
- Profit tax exemptions
- Sale of assets
- Market price considerations
- Transfer pricing
- Deductible and non-deductible expenses
- Identification of tax risks and tax optimization opportunities
- Account receivable / fixed assets write off
- Expenses subject to certain limitations:
 - Business trip expenses
 - Depreciation expenses
 - Repair expenses
 - Interest and other expenses
- Loss carryforward
- Consideration of paid taxes in foreign jurisdictions/reduction of tax liabilities
- Controlled Foreign Corporation (CFC) rules
- Profit tax administration

Withholding tax (WHT)

- Taxable base: practical issues
- Azerbaijan sourced income
- WHT rates
- Double Tax Treaties:
 - A brief summary of conventions signed between the Republic of Azerbaijan and other contracting states on avoidance of double taxation
 - Administrative rules and practical issues with regards to conventions for avoidance of double taxation in Azerbaijan
- WHT administration (compliance)

Value added tax (VAT)

- VAT concept
- Payers of VAT

PROGRAM OUTLINES

- Taxable base: practical issues
- VAT rates
- Exemptions from VAT
- Date and place of taxable transactions
- VAT from the income of non-residents (Reverse-charge VAT)
- Aspects of recovery of paid input VAT on purchased goods, services and works
- VAT administration (compliance)

Personal income tax (PIT)

- Payers of PIT
- Taxable base: practical issues
- Exemptions from PIT
- Provisions of Double Tax Treaties with respect to PIT
- PIT administration (compliance)

Social insurance (SIC) and unemployment insurance contributions (UIC)

- Payers of SIC and UIC
- Income subject to SIC and UIC: practical issues
- Exemptions from SIC and UIC
- Provisions of Law on Social Insurance and Unemployment Insurance Law
- A brief summary of conventions signed between the Republic of Azerbaijan and other states on social security
- SIC and UIC administration (compliance)

Simplified tax

- Payers of simplified tax
- Taxable base: practical issues
- Simplified tax rates
- Simplified tax administration (compliance)

Property tax

- Payers of property tax
- Property tax base: practical issues
- Exemptions from property tax
- Property tax administration (compliance)

Other taxes

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