



Tax and Legal updates

Amendments to the Law “On Accounting”

The President of the Republic of Azerbaijan approved the Amendments to the Law of the Republic of Azerbaijan “On Accounting” on 4th of May 2018 (“Amendments”).

As per the Amendments, all entities subject to accounting rules are obliged to carry out their bookkeeping and to prepare their financial reports in accordance with the accounting rules described in the Law on Accounting and International Financial Reporting Standards (IFRS).

The Amendments eliminate reference to the National Accounting Reporting Standards of the Republic of Azerbaijan as they will become invalid after official translation and publication of the IFRS to Azerbaijani language.

Further to abolishment of the Simplified Accounting Rules of the Republic of Azerbaijan dated 3 February 2016, small and medium-sized enterprises (SMEs) may choose to prepare their financial statements either in accordance with the IFRS or in accordance with the IFRS for SMEs.

A number of new significant definitions have been included into the Law. Persons who become certified accountants through successfully passing exams and who are

members of a professional accountants' organization can function using a status of a Chartered Certified Accountant.

State-owned legal entities, except publicly traded legal entities, other public interest entities, large entrepreneurship, budget organizations and public legal entities who publish their annual financial statements (consolidated statements) should have Chartered Certified Accountant at a chief accountant position.

By virtue of Articles 4.3.7 and 4.3.8 of the Amendments, the Ministry of Finance shall provide accreditation of a non-commercial organization, which shall certify professional accountants and the maintenance of the State Register of Chartered Accountants. The certificates shall be granted upon successful passing of the accounting exam conducted by the abovementioned organization and shall be valid for five years. Upon expiration of the certificate, the accountant will have to retake the exam. The certificate received after the second exam shall be valid for indefinite period.

Furthermore, as per Law, entities should adopt their internal accounting policy. As per the definition in the Law, the accounting policy is a document containing specific principles, fundamentals, conditions and approaches in the accounting of the company.

State control over the accounting records of the entities subject to accounting rules (credits organizations, insurance companies, investment funds and heads of these funds, except persons licenced in stock exchange markets in compliance with Law) is performed by the Ministry of Taxes during state financial control reviews and tax audits.

The list of the commercial organizations obliged to publish their financial statements and consolidated financial statements together with an auditor's opinion (except those specified in article 12.2 of the Law) shall be presented to the Ministry of Finance annually on 31 March by the Ministry of Taxes.

As per the Law the tax reports submitted in accordance with the provisions of the Tax Code of the Republic of Azerbaijan does not provide a substitution for financial statements prepared in accordance with the Law.



Get in touch



deloitte.az

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

25E Nobel ave.
Baku, AZ1025, Azerbaijan

© 2018 Deloitte & Touche LLAC. All rights reserved.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.