



Azerbaijan Tax News

Preparing for a changing landscape

The Law on amendments to the Tax Code has been approved

On 17 May 2017, The Azerbaijani Parliament approved the Law on amendments to the Tax Code of the Republic of Azerbaijan. New amendments cover several significant issues.

Introduction of "public legal entities" notion to the Tax Code

With the recent amendment definition of "public legal entities" has been added to the Tax Code. Moreover, public legal entities are not allowed to be simplified taxpayers.

Clarified financial sanctions for violation of the law "On Cashless Payments"

The new law threw light on certain unclear aspects of implementation of the law "On Cashless Payments", in particular range of responsible parties. So the following taxpayers will be subject to a financial sanction of up to 40% of the transaction value for violating the cashless payment regulations:

- For settlements within a calendar month in excess of AZN 30,000 performed by VAT registered taxpayers and taxpayers within the trade or public catering industry, whose taxable transactions during one month of any consecutive twelve month period exceed AZN 200,000, and settlements of any other taxpayers within a calendar month in excess of AZN 15,000;
- Payment of salaries and other payments defined by the legislation and paid to employees by employers, except those engaged in retail trade, public catering and the service industry, whose taxable transactions during one month of any consecutive twelve month period are up to AZN 200,000; pensions, scholarships, financial aid, bonuses (including one-time bonuses), compensation and benefits;
- Utilization/expenditure of funds received under public procurement contracts;
- Leasing/Loan providers for receiving cash payments;
- Insurers and reinsurers for receiving and payment of insurance premiums and claims respectively;
- Recipients of cash payment of service fees and other payments made to government agencies, state-owned legal entities or legal entities, in which the state owns controlling interest, public legal entities and those funded by the State Budget;
- Recipients of cash in respect of payment of landline phone services and utility costs;
- To payers and recipients for cash payment and repayment of interest-free cash funds (except where such funds are provided by non-taxpayers) and other monetary allocations;
- For cash receipt of tuition and tourism agent fees;

More goods for excise tax

- Fur and leather products are also included in the list of goods subject to excise tax.



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