



Tax and Legal updates

Measures to be taken in the framework of "State Program on Expansion of Digital Payments in 2018-2020 in the Republic of Azerbaijan"

President Ilham Aliyev has signed an order to approve a "State Program on Expansion of Digital Payments in 2018-2020 in the Republic of Azerbaijan".

The measures to be taken include gradual replacement of simplified tax system with VAT system and differentiation of VAT rate.

In the framework of the program it is stipulated to prepare a stepwise transition mechanism from simplified tax system to VAT system and to develop a planned approach for various sectors and economic entities depending on their scale. Upon completion of the transition process, issue on the differentiation of VAT rate will be submitted for consideration. Such approach will enhance the transition process from simplified tax system to VAT system.

In addition to that, program provides for implementation of "Integrated Accounting System" for all taxpayers. Therefore, extended use of E-accounting will be of utmost importance and in order to provide a smooth transition to a new accounting system, a stepwise migration plan for small and medium sized companies will be developed.

The program also considers taking significant measures towards reduction of non-formal employment for the purpose of strengthening social protection system. In order to encourage employers and employees to switch to official salaries, relevant measures on the expansion of the insurance system will be undertaken under the State Program.

The program will also consider setting "minimum labor standards" to reduce the level of employment with unregistered labor agreements in sectors with high indicators of informal employment.



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.