



## **Reforms in the Customs Administration**

On 25 February 2011, President Aliyev signed a decree aiming to simplify the procedures and strengthen transparency in the customs administration.

By the decree, the President instructed the State Customs Committee, Ministry of Internal Affairs and the Ministry of Justice to ensure implementation of the “single-window” principle on import of vehicles into Azerbaijan, subsequent registration and issuing of state registration certificate for the imported items, as well as application of the single window principle on the procedures for disposal of property, ownership, and disposal rights over the imported vehicles.

Furthermore, the President also instructed the State Customs Committee to take the following actions:

- To ensure that payments for customs purposes be made only by wire transfer;
- To implement an electronic database determining the waiting list for appointment with the customs authorities;
- To strengthen the control over the compliance of the personnel of the State Customs Committee with the laws.

## **Progress of Tax Administration Reforms**

The Ministry of Taxes (MoT) continues implementing reforms to enhance the quality of tax administration and implement the objectives set out in the Action Plan issued by Tax Minister Fazil Mammadov on 6 January 2011 (see PwC Azerbaijan Times Edition # 1, 2011). One of these objectives is to implement the process of electronic audits of the taxpayers. The Tax Administration of the Netherlands has been engaged to assist the MoT to accomplish this project.

It is also planned that in future online tax filings will be mandatory for all taxpayers and no return other than electronic will be accepted.

MoT is also working on improvements in the area of capacity building and development of the tax personnel, as well as on electronic services to taxpayers and tax holidays for small entrepreneurs.

## **EU and Azerbaijan Gas Deal Ratified**

On 4 March 2011, Milli Majlis ratified the Joint Declaration on South Gas Corridor, signed by the President of Azerbaijan Ilham Aliyev and President of the European Commission Jose Manuel Barroso on 13 January 2011 in Baku.

By this declaration, the Presidents reaffirm the importance of the EU-Azerbaijan energy relationships enshrined in previous memorandums signed between the parties in the sphere of energy cooperation. The Presidents also emphasize that the common objective is to see the Southern Corridor established and operational as soon as possible, and thereby, they invite other interested parties such as suppliers of gas or consumers to avail themselves of participating in the development of the Southern Gas Corridor.

The Joint Declaration on South Gas Corridor serves as an exchange of commitments between the parties pursuant to which Azerbaijan undertakes to supply substantial volume of gas enabling the

creation of the Southern Corridor and together, Europe and Azerbaijan will provide infrastructure to make this goal happen.

### **TRACECA Agreement Ratified**

On 4 March 2011, Milli Majlis ratified the Agreement on Development of Multimodal Transport TRACECA.

TRACECA is an international cooperation program in the realm of transportation between EU and partner countries in Eastern Europe, South Caucasus and Central Asia.

The aforementioned Agreement was signed on 16 June 2009 in Cholpon-Ata, Kyrgyzstan, during the 7<sup>th</sup> Meeting of the Intergovernmental Commission and is aimed to regulate relations between transport organization, suppliers and cargo recipients.

### **Establishment of branches or representative offices of foreign NGOs**

On 16 March 2011, the Cabinet of Ministers issued the rules for negotiations with the Azerbaijani Government to establish branches or representative office of foreign NGOs in Azerbaijan.

NGOs willing to have established branches or representative offices in Azerbaijan must initiate negotiation with the Ministry of Justice and conclude an agreement with them. The legal registration can be conducted upon conclusion of such an agreement.

### **Amendments to the Code of Administrative Delinquencies**

By passing the Law on 6 March 2011, Milli Majlis introduced new penalties into the Code of Administrative Delinquencies mostly related to violation of the rules of carriage of passengers and cargo by vehicles.

### **Private Information Disclosure Rules Approved**

On 2 March 2011, the Cabinet of Ministers approved the rules on Disclosure of private information stored and processed in the corporate informational databases to the third parties on paid terms. The Rules were passed based on the Law on Private Information dated 6 June 2010.

The Rules allow disclosing to the third parties on paid terms only non-confidential information. Disclosure on the paid terms is possible with the consent of the state body responsible for the registration of such information, and a contract between the owner of the private information and the third party willing to be the recipient. Third parties in their turn undertake not to transfer the received data to other persons or endanger the subjects of private information in any way.

### **PwC Azerbaijan Publications:**

PwC Azerbaijan is pleased to present you the new updated **Taxes at a Glance 2011** edition for the Central & Eastern Europe (CEE). The Report briefly summarizes the tax systems of the CEE countries, key tax parameters and highlights attractive features of the tax systems from an international tax planning and structuring perspective. You can download the Taxes at a Glance 2011 via this link <http://www.pwc.com/az/en/publications/Taxes-at-a-Glance-2011.jhtml>.

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