

October –November 2011

# PwC Azerbaijan Times

## Issue №10

### **Overview of this Issue:**

- Release of the State Program on Employment Strategy
- Online registration of legal entities
- New Rules for National Entrepreneurship Support Fund
- Update of double tax treaties, international agreements, protocols and declarations
- Amendments to the Code of Administrative Offences
- New types of crimes and penalties in the Criminal Code
- PwC Resources Update (new)
  - Capital Markets in 2025
  - Global Green Policy Insights



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### **State Program on Employment Strategy Released**

On 15 November 2011, President Aliyev approved the Azerbaijan State Program on the Employment Strategy for the years of 2011-2015.

The Program includes a number of the objectives listed below along with the state bodies responsible for implementation of the Program and development of an action plan.

Below are some key Program objectives:

- Issue of credits under preferential interest rates for the population living in the regions to stimulate development of entrepreneurship and increase employment rate;

- Support to the start-up entrepreneurs in establishment of the start-up capital;
- Stimulation of production of export-oriented commodities;
- Strengthening of social protection of unemployed population;
- Creation of jobs in the regions with lower attractiveness for investors;
- Stimulation of employment of people with special needs;
- Support to female entrepreneurs.

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### **Legal Entities to Register Online**

The Ministry of Taxes plans to launch online registration of legal entities and branches and representative offices of foreign companies starting from 1 January 2012. Details of the new process are yet to be confirmed. Currently, registration process can be conducted only with physical submission of documents to the Ministry of Taxes.

### **National Fund for Entrepreneurship Support Introduces New Rules**

President of Azerbaijan Ilham Aliyev has approved the changes to the Law "On the Rules of Utilization of the Funds of the National Fund of the Azerbaijan Republic for Support to the Entrepreneurship" with a decree, dated 14 October 2011.

The new rules enable entrepreneurs to receive business loans on the following preferential terms issued by the Fund:

- Small loans – from AZN 5,000 up to AZN 50,000
- Medium loans – from AZN 50,001 up to AZN 500,000
- Large loans – from AZN 500,001 up to AZN 10,000,000.

### **Double Tax Treaty Update**

Milli Majlis (the Parliament of Azerbaijan) has ratified a Double Tax treaty and its Protocol between the Governments of the Azerbaijan Republic and the Slovenia Republic by a law, dated 30 October 2011.

### **International Agreements, Protocols, Declarations - October and November 2011**

- Agreement on cooperation in the

customs affairs and mutual assistance between the Governments of the Azerbaijan Republic and the United Arab Emirates;

- Agreement on mutual allocation of land for the purpose of locating of diplomatic missions between the Governments of the Azerbaijan Republic and the Republic of Belarus;
- Agreement on mutual recognition of educational documents between the Governments of the Republic of Azerbaijan and the
- Agreement on promotion and mutual protection of investments between the Governments of the Azerbaijan Republic and Republic of Serbia;
- Agreement on cooperation in the field of customs and mutual assistance between the Governments of the Azerbaijan Republic and the Republic of Serbia;
- Agreement on promotion and mutual protection of investments between the Governments of the Azerbaijan Republic and Republic of Serbia;
- Agreement on cooperation in the field of emergency situations between the Governments of the Azerbaijan Republic and Republic of Serbia;
- Agreement on sea transportation between the Governments of the Azerbaijan Republic and the Greece Republic.
- Agreement on approval of a joint action plan for implementation of the strategic partnership between the Government of Azerbaijan Republic and the Government of the Republic of Romania;

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- Declaration on the future development of the strategic partnership relations between the Government of the Azerbaijan Republic and the Government of the Ukraine Republic;
- Agreement on the action plan for comprehensive cooperation for the years of 2011-2015 between the Government of the Azerbaijan Republic and the Government of the Republic of Ukraine;
- Agreement on exchange and mutual protection of confidential information between the Government of the Azerbaijan Republic and the Government of Czech Republic;
- Agreement on promotion and mutual protection of investments between the Government of the Azerbaijan Republic and the Government of Czech Republic;
- Agreement on liquidation of the short-term visa regime for citizens with diplomatic passports between the Government of Azerbaijan Republic and Government of the Spain Republic;
- Agreement on mutual military training between the Government of the Azerbaijan Republic and the Government of the Turkish Republic;
- Protocol on cooperation in the field of mandatory state social insurance between the State Social Protection Fund of the Azerbaijan Republic and the National Social Insurance Office of the Republic of Moldova;
- Memorandum of Understanding on cooperation in the field of veterinary service between the Ministry of Agriculture of the Azerbaijan Republic and the Ministry of Agriculture and Rural Development of the Republic of

Poland.

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

By a law, dated 29 October 2011, Milli Majlis has introduced the following amendments into the Code of Administrative Offences:

- Officials will be charged a penalty of AZN 800 for non-submission to the administrative authorities of documentation required by courts in the process of administrative court proceedings;
- Officials will be charged a penalty of AZN 500 for banning the civilians from attending court hearings, except the cases of closed court hearing.

### ***Gambling, Lottery and Betting Crimes***

Milli Majlis has introduced the following type of crimes and penalties into the Criminal Code by a law, dated 27 November 2011:

- Illegal organization and conduct of lotteries and sport betting; and
- Organizing gambling places or hosting gambling games.

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### PwC Resources Update

#### ***Capital Markets in 2025 -- the future of equity capital markets***

PwC has launched the "Capital markets in 2025" report that looks into the changing dynamics of capital markets.

The findings are based on a survey of almost 400 senior executives from the companies across the globe, supplemented with in-depth interviews with market advisers. The key findings of the report are:

In less than 15 years from now, China is predicted to be the most favored destination for companies to list – as predicted by 80% of respondents;

Competition between stock exchanges is intensifying as emerging markets become more sophisticated. Respondents believe that the current competitive advantage of both London and New York as listing venues will drastically reduce for international listings;

Any shift to the East is dependent on a number of critical factors, such as access to investors and markets. Shanghai is still not open to foreign companies despite the Chinese Government's announcement back in 2008 to open the market.

For the full version of the report, please, download this link  
[www.pwc.com/capitalmarkets2025](http://www.pwc.com/capitalmarkets2025) .

#### ***Global Green Policy Insights- Sustainability and Climate Change Tax newsletter***

PwC has recently launched a "Global Green Policy Insights" free newsletter which is designed to help to stay abreast of international developments in the rapidly evolving area of green tax and regulation policy, and offers valuable insights from our global network of specialists on what these developments may mean for business.

You can find a copy of the first edition and subscribe for regular updates at the link below. To subscribe to receive future editions, please click on the 'subscribe' button in the top right-hand corner of the publication (pg2-23):

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