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PwC Azerbaijan Times

Issue №11

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- Update of double tax treaties, international agreements, protocols and declarations
- Increase in Minimum Wage, Minimum Living Standard and Needs Criteria Level
- PwC's Academy: What's New?
- PwC Resources Update:
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 - Global Banking survey



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Changes in Tax Code

The Law of 6 December 2011 stipulates that a non-budget fund to provide the social security of the tax authorities' personnel is established financed by 25 % (previously 5%) of the total amount of financial sanctions imposed on the taxpayers for the unpaid tax debts.

Code of Administrative Offences Amended

Milli Majlis (Azerbaijani Parliament) has ratified the law dated 15 November 2011 confirming introduction of a new offence into the Code of Administrative Offences. As a result, officials and legal entities will be penalized at the amounts given below for violation of the legislation on the activity of investment funds:

- Officials will be imposed a penalty of AZN 1, 000-1, 200, and
- Legal entities will be penalized at the range of AZN 10, 000-12, 000.

Civil Code Amendments

- Milli Majlis has ratified the law dated 30 September 2011, confirming the property-related addendums to the Civil Code. The Law introduces a new article listing the grounds for registration of rights over real estate. The grounds for registration of the rights (including origination of rights, transfer of property to other persons, or restriction and elimination of rights) include open auctions, court decisions, etc.

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- On 30 December 2012, the Parliament introduced a new rule into the Civil Code regarding the charter capital for limited liability companies (LLC) which came into force on 21 January 2012.

The new rule allows the founders to specify a time limit up to three months in the LLC charter during which the charter capital contributions will be made. If no such time is specified in the charter, the capital shall be paid-in before the state registration of the LLC. Before this rule, charter capital contributions had to be paid only before the state registration of the LLC.

International Agreements, Protocols, Declarations - December 2011

The following international treaties were signed in December 2011:

- Decree of the President on approval of the Protocol on cooperation between the Ministry of Foreign Affairs of the Azerbaijan Republic and the Ministry of Foreign Affairs of the Republic of Kazakhstan;
- Decree of the President on approval of the Protocol on cooperation between the Ministry of Foreign Affairs of the Azerbaijan Republic and the Ministry of Foreign Affairs, Trade and Integration of the Republic of Ecuador;
- Law on approval of the Agreement on liquidation of the visa requirement for the citizens with diplomatic passports for the Governments of the Azerbaijan Republic and the Republic of Poland;
- Decree of the President on approval of the following documents signed in Izmir, Turkey on 25 October 2011 between the Governments of the Azerbaijan Republic and the Republic of Turkey:
 - Protocol on cooperation in the field of media and information between the Government of Azerbaijan Republic and Government of the Republic of Turkey;
 - Protocol on cooperation in the field of policy on issues of family, women and children between the Government of the Azerbaijan Republic and the Republic of Turkey;
 - Protocol on cooperation in the field of police education between the Governments of the Azerbaijan Republic and the Government of the Republic of Turkey;
 - Memorandum of understanding on cooperation in the field of meteorology between the Governments of the Azerbaijan Republic and the Republic of Turkey;
 - Memorandum of understanding on cooperation in the field of wood industry between the Governments of the Azerbaijan Republic and the Republic of Turkey.

Minimum Wage Increased

On 1 December 2011, the President of the Azerbaijan Republic Ilham Aliyev decreed to increase the minimum monthly salary by 10% up to AZN 93.5.

Minimum Living Standard and Needs Criteria Level Increased

On 6 December 2011, President Ilham Aliyev signed the decrees confirming the minimum living standard and the minimum needs criteria for the year of 2012. According to the decrees, the general minimum living standard will be increased from AZN 95 up to AZN 108. The same standard will be increased from AZN 102 up to AZN 116 for the working-age population, from AZN 72 to AZN 84 for pensioners, and from AZN 76 to AZN 87 for children respectively. The level of the needs criteria will be increased from AZN 75 up to AZN 84 for the targeted state social support.

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PwC's Academy Update:

PwC's Academy in Azerbaijan launched the Certified Internal Auditor (CIA) Part 1 course in English language as of January 16, 2012. CIA is an international qualification awarded by the Institute of Internal Auditors (IIA, <http://www.theiia.org/>). It's recognized throughout the world along with CPA, CMA, ACCA, CIMA etc.

The training is held by Ramin Kasamanli, Head of Internal Audit Service in PwC Azerbaijan. Ramin has solid professional experience of providing audit, advisory and training services to a number of private and public sector organizations operating in Azerbaijan, the Caucasus and USA.

The program duration is 24 hours, or complete three business days. The mock exam is held for participants upon completion of the course.

PwC Resource Update:

Multi-channel shopping: The future is now

Our first global survey of online shoppers reveals a world rife with online "experts" who shop across all product categories, not just music or books. This online savvy comes with increased demands for faster service, more selection, and more transparent information in shipping and tracking of goods. Below are some highlights from this year's report:

- 48% of respondents shopped across all 11 of our retail categories in the past 12 months, from groceries to electronics to furniture;
- More than 80% of all respondents research online before they buy electronics, computers, books, movies and music ;

- Online shoppers in China shop far more often than those in any other market, an average of 8.4 times per month;
- Switzerland online shoppers are the least frequent buyers, at an average of just 2.3 times per month;
- Price ranked second to convenience in terms of reasons why shoppers were attracted to online retailing;
- A vast majority of online shoppers -- even the prolific ones -- narrow their preferred online retail destinations to five or less;
- Online shoppers follow brands on social media -- but only 3% of our respondents use these sites to shop.

You are welcome to read the full report at: <http://www.pwc.com/gx/en/retail-consumer/retail-consumer-publications/global-multi-channel-consumer-survey/2011-multi-channel-survey.jhtml>

Millennials Survey - Millennials at work: Reshaping the workplace

The millennial generation, now flooding into employment, will shape the world of work for years to come. Attracting the best of these millennial workers is critical to the future of your business. Their career aspirations, attitudes about work, and knowledge of new technologies will define the culture of the 21st century workplace. In late 2011, PwC surveyed a total of 4,364 university graduates about their expectations of work. Graduates from across 75 countries took part in the study between 31 August and 7 October 2011. You are welcome to explore our findings at: <http://www.pwc.com/gx/en/managing-tomorrows-people/future-of-work/millennials-survey.jhtml>

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PwC Resource Update (cont'd):

Banking survey - Driving customer value through digital: The new digital tipping point

Banks are constantly adapting to satisfy the needs of their stakeholders. In addition, the number of customers who use the internet has exploded. PwC has surveyed approximately 3000 banking customers in nine different markets to understand customers' needs, attitudes and behaviors to digital media. Our insights from this research can help banks harness the power of the new and improved digital market, not just by saving costs, but by deepening customer relationships. The new digital tipping point explores these insights and the opportunities that exist for banks. You can download this link for the full report:

http://www.pwc.com/gx/en/banking-capital-markets/publications/digital-banking-survey.jhtml?WT.mc_id=0116-tippingpointgx+Animated+Logo