

PwC Azerbaijan Times

Issue №2

Overview of this Issue:

- Immigration rules change
- Refunding customs payments
- Additions to the license requirements
- New clause on the grants-related legislation
- Administrative Offences Code Amendments
- Agreement on visa abolishment with Uruguay
- PwC's Academy Update
 - Training Schedule Released!
- PwC Resource Update
 - Tax strategy and corporate reputation
 - CEOs' top 10 investment destination countries
 - What makes a great leader?
 - Resetting the compass: How high growth market buyers are moving M&A in a new direction



Immigration rules changes

The Parliament of Azerbaijan (Milli Majlis) approved the following amendments to the "Law on Registration based on the place of habitual and temporary residence", which came into force on 1 April 2013.

Under the new rules, all foreigners and stateless persons coming to Azerbaijan for the period of more than 3 days (before 1 April 2013, this period was 30 days) shall register with the State Migration Service in the area of their stay at the territory of the country.

The administration of the residence of a foreign citizen stay (e.g., hotel, camping, tourist center, hospital or other public places) or the owner of an apartment should within 3 days submit to the State Migration Service via mail, internet or in person an application form on the registration of the foreign citizen at the related territory along with a copy of the passport of a foreigner used to enter Azerbaijan.

Upon submission of the application form, the State Migration Service shall immediately register the foreigner and send a written notification to him/her within one business day.

Foreigners and stateless people may be registered with the State Migration Service for the following time periods:

- 1) those who come with a visa – period indicated on the visa;
- 2) those who come on a visa-free regime – 90 day period.
 - There is no any state duties applied on the registration.
 - All the "certificates on registration of foreigners willing to stay in Azerbaijan over 30 days" issued before 1 April 2013 will be valid through the end of the validity period of these certificates.

For any questions related to the information included herein, please contact

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PwC Azerbaijan Times

Issue №2

Refunding customs payments

The Azerbaijan Cabinet of Ministers issued the rules, dated 18 February 2013, "On refund of the customs payments".

The Rules are prepared based on the Articles 266-277 of the Customs Code. According to the Rules, the customs payments are returned to the payers in two cases:

- if goods imported to the territory of Azerbaijan have a defect: customs duties are returned if these goods have not been used and after the goods have left the Azerbaijani customs borders;
- if the amount of calculated customs payments is incorrect.

The payer who believes that the customs payments should be refunded should apply to the customs authorities during one year after the customs payments were made. This period may be extended up to two years if force-major was proved.

Additions to license requirements

The Law on changes to the Decree "On additional requirements for obtainment of special permit (license) depending on the nature of the activities" came into effect on 28 February 2013.

According to this Law, the following additional conditions are required for the obtainment of a special permit (license) for activities of professional participants of the securities market (brokers, dealers, stock market, mutual determination of mutual liabilities (clearing), depository, register of holders of the securities market, organization of trade in the securities market) :

- financial statements for the last reporting period (with the exception of the newly established legal entities);

- copies of the qualification certificates of the applicant and at least three employees possessing the right to implement relevant professional activities at all of the branches of the applicant;
- information about the computer and telecommunication systems, the digital accounting programs, allowing the implementation of the relevant professional activities in the workspace to be used;
- notarized copies of the incorporation documents (the charter and regulations) of the legal entity or its affiliate, as well as notarized copies of the extracts from the state register of legal entities;
- information about the individuals, directly or indirectly owning 10 or more per cents of the applicant's charter capital;
- in case the participants are foreign physical persons, at least to positive; recommendations of financial organization in his/her home residency country and/or extracts from the bank account;
- information about the applicant's ownership of 20 or more per cents of the charter capital in other legal entities , as well as information about the applicant's founder's (participant's) ownership of 10 or more per cents of the charter capital in other legal entities;
- business plan conducted for the following 3 years and approved by the governing body of the applicant;
- organizational structure approved by the governing body of the applicant;
- description of the internal control system;
- risk management procedures depending on the nature of the activities;
- information about the employees appointed to head positions , the notarized copies of the documents of their higher education and work experience; and
- copies of the internal rules for implementing professional activities, determined by the legislation.

PwC Azerbaijan Times

Issue №2

New clause on the grants-related legislation:

The following new clause was added to the law “On grants” by the law dated 15 February 2013.

With the exception of contributions and donations in accordance with the laws on “Freedom of Religion” and “Non-governmental organizations (public unions and funds)”, religious organizations and non-governmental organizations, including representative offices and branches of foreign NGOs operating in Azerbaijan are prohibited to accept financial support or support in other tangible ways without a basis of a respective grant agreement (decree).

Administrative Offences Code Amendments:

The 15 February 2013 dated law on confirming introduction of offences and penalties into the Code of Administrative Offences has been passed.

Here are the main clauses:

Religious organizations and NGOs, including the representative offices and branches operating in Azerbaijan Republic may be subjects to the following administrative penalties for accepting contributions in the form of financial support or any other tangible ways without a respective grant agreement:

- Officials – from AZN 2,500 to AZN 5,000 along with confiscation of the object (property) of the offence and
- Legal entities – from AZN 8,000 to AZN 15,000 along with confiscation of the object (property) of the offence.

In addition, official and legal entities will be subjects to the below-listed administrative penalty, if the information

about the amount of accepted donations and persons who provided these donations is not included into the financial statements of the political parties and NGOs, and branches and representative offices of foreign NGOs:

- Officials - from AZN 1,500 to AZN 3,000 and
- Legal entities – from AZN 5,000 to AZN 8,000

Moreover, officials and legal entities may be subject to the following administrative penalties for giving money donation to the political parties and NGOs in the form of cash:

- Physical Persons – from AZN 150 to AZN 500
- Officials – from AZN 750 to AZN 1500
- Legal entities – from AZN 1500 to AZN 7,000

Also, the following administrative penalties are applicable for accepting cash donation by political parties and NGOs:

- Officials – from AZN 1,000 to AZN 2,000
- Legal entities – from AZN 7,000 to AZN 10,000

Agreement on visa abolishment with Uruguay

Agreement on “Abolishment of visa requirements for citizens with diplomatic, service or official passports between the Government of the Azerbaijan Republic and the Eastern Republic of Uruguay” was approved by the Decree of the President dated 1 February 2013.

PwC Azerbaijan Times

Issue №2

PwC's Academy Update:

Training Schedule released!

PwC's Academy offers learning solutions tailored to your needs. Our approach is to feed cutting-edge content using practical exercises and case studies. PwC's Academy portfolio consists of both technical and behavioral competency learning solutions. Our learning solutions are offered either as open to the public or as corporate courses. Please, download our **Training Schedule for the 1st semester of 2013** at this link <http://www.pwc.com/az/en/assets/pdf/pwc-academy-calendar-2013-1.pdf>

PwC Resource Update:

Tax strategy and corporate reputation: A tax issue, a business issue

62% of CEOs surveyed cited the tax burden as the biggest threat to growth. This analysis looks at how tax fits into CEOs' views on corporate reputation, how tax strategy is becoming a key part of reputation, and the implications of tax for businesses and governments around the world.

Explore ***CEOs' top 10 investment destination countries*** and the ease of paying taxes in those countries via our interactive map at this link: http://www.pwc.com/gx/en/tax/publications/ceosurvey-tax-growth-tax-rating.jhtml?WT.mc_id=email_4-13_news-alert-CEO-survey-interactive-map

What makes a great leader?

To find out who today's CEOs look to for guidance, we asked CEOs to share an example of someone from literature or history who exhibited good leadership and what they admired about them. The variety of characters -- and character traits -- reveal both strengths and possible shortcomings in the minds of today's global CEOs. Visit the new page on the Global CEO Survey site for commentary on the leadership findings and to take a poll to share your views on admired leaders and leadership qualities. Also available is a map to explore how CEOs' top leadership choices vary based on their location. Download this here: http://www.pwc.com/ceosurvey/leaders?WT.mc_id=email_4-13_news-alert-CEO-survey-leaders

Human Capital in Focus: Global and Local Trends

PwC Azerbaijan published the "*Human Capital in Focus: Global and Local Trends*" article prepared by Farid Isayev, Senior Legal Associate of the PwC Legal Practice for the 16th edition of the "*IMPACT Azerbaijan*" quarterly magazine of the American Chamber of Commerce in Azerbaijan (AmCham Azerbaijan).

In his article in the "*IMPACT Azerbaijan*" magazine focused on the discussions on human capital and broader labour market dynamics, Farid speaks about emerging key talent trends at the global market, makes comparative analysis of local and international labour legislation, discovers main local labour market trends and practices and informs on the related PwC global and local experience and services.

The full text of the article is available starting at page 8 of the "*IMPACT Azerbaijan*" 16th edition at this link:

<http://amchamaz.org/domains/amcham/assets/file/newsletter/impact16.pdf>

PwC Azerbaijan Times

Issue №2

Now available is **"Risk in Review: Global risk in the transformation age"**, a global survey across 18 industries that outlines the imperative to strengthen risk management techniques around resilience, people, technology, and next-generation risk analytics.

According to the report, some of the risks ahead for 2013 include:

- A major global economic downturn, which nearly two-thirds of survey respondents cited as being likely.
- Increased taxation in industrialized markets, which two-thirds consider a probable event with serious consequences.
- Close to 60 percent say business transformation will make their companies more vulnerable to technology risks.
- More than 40 percent say social media is likely to put them at risk in the next 18 months.

Almost half are concerned that entering new geographies and markets will expose them to further risks, particularly regulatory compliance risks.

Find more details at this link:

<http://www.pwc.com/riskinreview>

Our third issue of **Resilience: Winning with risk** -- which continues our focus on risk in developed and emerging markets -- is now available. This issue focuses on the types of disasters --both natural and man-made -- that impact not only companies, but the countries in which the disasters take place. And, because the impacts of such disasters are not neatly contained within the borders of the country they originate from, it means their risks are truly global because the effects are wide-reaching and vast.

Discover why resilience matters now more than ever, and what practices are being put in place to strengthen disaster resistance at this link

http://www.pwc.com/gx/en/governance-risk-compliance-consulting-services/resilience/index.jhtml#?WT.mc_id=email_2-13_news-alert_Resilience_winning.with.risk.issue.3

Resetting the compass: How high growth market buyers are moving

M&A in a new direction has been launched. According to this report, the geography of deal-making is changing - and it's changing fast. Over the last five years there has been more deal value flow from the largest high growth markets (HGM) to mature market economies than in the other direction. "Resetting the compass" looks at this buying trend, and how the deal making process will need to change to accommodate new buyers from emerging markets. More details here:

http://www.pwc.com/gx/en/delivering-deal-value-consulting/high-growth-market-deals.jhtml?WT.mc_id=email_3-13_news-alert_Resetting-the-compass