

May 2013

# *PwC Azerbaijan Times*

## Issue №3

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

- Tax Treaty Update
- Tax Cooperation Agreement
- Double Tax Treaties
- Latest Tax Code Amendments



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### ***Tax Treaty Update***

- On 27 February 2013, the Kyrgyz parliament approved a law ratifying the tax cooperation agreement with the Republic of Azerbaijan. This tax cooperation agreement was signed in Baku on 30 March 2012 and provides for mutual cooperation and information exchange on tax compliance matters. The Kyrgyz Foreign Affairs Ministry announced on 8 May 2013 that the agreement entered into force on 2 April 2013.
- On 19 April 2013, the representatives from Azerbaijan and Macedonia signed an income tax treaty in Baku. The treaty will enter into force after the exchange of ratification instruments between two countries.
- On 12 March 2013, the representatives from Montenegro and Azerbaijan signed an income tax treaty. The treaty was signed by the Montenegrin Finance Minister and Azerbaijani Minister of Taxes and will enter into force after the exchange of the ratification instruments.
- On 18 April 2013, the Bosnian House of Representatives passed a law approving an income tax treaty with Azerbaijan. This treaty was signed in Baku on 18 October 2012. Under the treaty, dividends, interest, and royalties are subject to a 10% withholding tax rate. The treaty will enter into force after the exchange of ratification instruments between two countries.

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## ***Latest Tax Code Amendments***

- The law dated 19 April 2013, included several additions into the Tax Code regarding Industrial and Technological parks.
- The new amendments clarify that legal persons and entrepreneurs who obtained the registration certificate of Technological or Industrial Parks and operate in these parks are considered residents of the technological or industrial parks.
- Pursuant to the Tax Code, residents and management organizations and operators in industrial and technological parks may enjoy a number of tax privileges. The recent amendments into the Tax Code determine the application of the tax privileges following the transfer of objects in industrial and technological parks to new residents as well as tax accountancy of income and expenses from operations in technological and industrial parks.