

July (2) 2013

# *PwC Azerbaijan Times*

Issue №5

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# **pwc**

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## ***More powers to the Ministry of Taxes***

On 23 July 2013 President of Azerbaijan approved the amendments to the Regulations of the Ministry of Taxes. The purpose of these revisions is to bring into the conformity the Regulations of the Ministry of Taxes with the changes made to the Tax Code from 1 January 2013.

In particular, the following were added to the duties of the Ministry of Taxes:

- In case anybody files a letter about the fact of a tax evasion or violation of tax laws by other persons, the Ministry of Taxes shall investigate the fact during a planned field audit. The Ministry of Taxes shall inform the person informing the tax office on such facts after the tax

audit has completed.

The following were added to the rights of the Ministry of Taxes:

- To require an access to the electronic accounting records of taxpayers;
- To file a case to the court in order to collect financial sanctions, interests, and debts to the state budget;
- To conclude a tax partnership agreement with the taxpayers to minimize the tax risks of the taxpayers, in the form specified by the Cabinet of Ministers of the Azerbaijan Republic.

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### ***Import Duty & Excise Tax News***

Importation of petroleum coke (both non-dehydrated and dehydrated), petroleum bitumen, and other residues obtained from bituminous minerals will be subject to the following import duty and excise tax from 5 July 2013 until 1 January 2014:

- excise tax - USD 1 for each ton (reduced from USD 30); and
- import duty - 0% (reduced from 15%) on customs value.

### ***ASAN (online service) Signature***

Starting from September 2013, e-services, such as VAT account deposit, electronic tax invoices and tax e-correspondence will be accessible via ASAN Signature (ASAN Imza) service. All taxpayers in Azerbaijan will be required to obtain an access to ASAN signature. In order to use the ASAN signature via the SIM card operator, taxpayers will be requested to obtain their electronic certificate from the Ministry of Taxes and other respective centers. The taxpayers will need to activate the ASAN service in their SIM card.

### ***Changes to the list of the Authorities to implement provisions of the Tax Code***

Several changes were made to Decree # 393 of the President of Azerbaijan on approval of the Tax Code. The changes specify the names of the authorities in order to implement certain articles in the Tax Code:

- Import of technological equipment and units by operating organizations, operators and residents of industrial and technological parks for the purpose of usage in such parks is VAT exempt, in case such import is based

on a supporting document issued by the Ministry of Economic Development.

- Entrepreneurs with foreign and without the citizenship, may be registered with the tax authorities individually, based on ID issued by the State Migration Service.
- The form of tax partnership agreements is to be determined by the Cabinet of Ministers and the application form for signing such agreements with the tax office - by the Ministry of Taxes.
- Natural monopoly objects determined by the Cabinet of Ministers are not allowed to register as simplified taxpayers.
- The simplified tax for people dealing with residential construction is calculated based on coefficients established by the Cabinet of the Ministers.
- Taxpayers that temporarily suspended their commercial or other taxable operations, shall notify the Tax Office no later than the day of the suspension by filing a notification in the form established by the Ministry of Taxes.

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

- Azerbaijan is negotiating double tax treaties with Denmark and Israel, and is renegotiating a treaty with Kazakhstan.
- Representatives from Azerbaijan and Vietnam initialled a double tax treaty on 25 July 2013 at the close of the second round of negotiations held in Hanoi.