

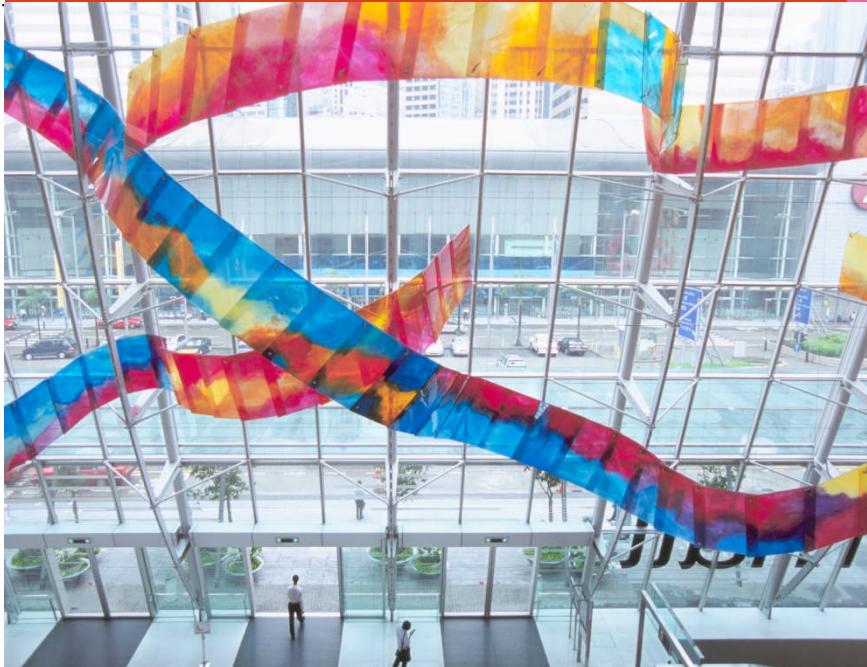
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# PwC Azerbaijan Times

## Issue №8

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

- Update on the Tax Partnership Agreements (TPA)



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

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### **Update on the Tax Partnership Agreements (TPA)**

The Ministry of Taxes has recently started sending letters to the taxpayers inviting to conclude a so called TPA (see PwC Azerbaijan Times #6 for more details). Also, the taxpayers are contacted by phone on the same subject.

The rules and template of a TPA are not very specific and leave a room for interpretation. Moreover, there are still a number of practical issues related to the execution of a TPA.

We stress that by law, it is a voluntary initiative of the taxpayers to apply for a TPA, and he cannot be forced to do so.

As an example, under a template TPA, the taxpayer undertakes the obligation to give to the tax authorities access to its accounting database/software (to enable them to conduct a tax audit remotely).

Clearly, this creates lots of questions regarding the confidentiality, extent of disclosure, potential misinterpretation of financial data, etc. Some other obligations of the taxpayers include "improving the tax accounting, establish the system of internal control and analysis of tax risks", etc.

If you have received such a letter or call requesting you to conclude a TPA, we strongly advise you to consider all legal and practical consequences before signing any document.

The tax and legal teams of PwC Azerbaijan have been analyzing and discussing with the Ministry of Taxes and business community this initiative, so if you require advice in this regard, please feel free to contact your respective advisor at PwC Azerbaijan, or Sakina Ibrahimova at [994]124972515 or via e-mail [sakina.ibrahimova@az.pwc.com](mailto:sakina.ibrahimova@az.pwc.com).