

PwC Azerbaijan Times

Issue №1, Breaking News

Overview of this Issue:

- **Draft law on amendments to the law of the Republic of Azerbaijan "On currency regulation"**



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Draft law on amendments to the law of the Republic of Azerbaijan "On currency regulation"

On 19 January 2016 Milli Mejlis (the Parliament of the Republic of Azerbaijan) released on its official website a first draft law implementing a number of amendments to the existing Law "On currency regulation".

According to the draft Law, a 20% compulsory levy should apply to export of currency out of the Republic of Azerbaijan by resident and non-resident natural persons and legal entities for the purposes of acquisition of real estate, land and securities, as well as for direct investment from Azerbaijan abroad.

At the same time, the draft Law states that export of currency for the purposes of medical treatment, education, execution of

court decisions and decisions of foreign law enforcement bodies in foreign countries should not be subject to the 20% levy.

The draft Law further states that currency transfers made by natural persons to their parents and close relatives in the amount exceeding USD 50,000 within one calendar year should also be subject to the levy, applicable to the part of funds exceeding USD 50,000.

Furthermore, export of currency by resident legal entities to their overseas branches and representative offices exceeding the amount of USD 50,000 (or an equivalent thereof in any other currency) within one calendar year should be subject to the 20% levy, applicable to the amount exceeding USD 50,000.

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At this moment there are lots of confusing and unclear points in the draft law, e.g., who will monitor collection of the 20% levy, how it will reconcile with the tax legislation, what would be the penalties for violation, to what extent provisions of this proposed Law would apply to banks, insurance companies and investment funds, as well as many others. We are keeping this issue under constant watch and discussing with the relevant Governmental Bodies in order to understand the potential implications of this proposed Law on the business community. As soon as we have more details on the above, we will inform you without a delay.