

PwC Azerbaijan Times

Issue №2

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Presidential Decree On Approval of Amendment On Simplification of Customs Clearance Measures

A Presidential Decree, dated 14 January 2016, abolished the exemption from the customs duties on the goods (except for excisable goods, auto-transport vehicles and items considered necessary for traveller's needs) of total customs value up to USD10,000 (or equivalent thereof in another currency), imported into Azerbaijan by individuals and not considered for production or commercial use. The new exempt amount is now USD 1,000.

Presidential Decree On Dissolution of the State Procurement Agency

According to Presidential Decree of 16 January 2016 "On dissolution of the State Procurement Agency of the Republic of Azerbaijan", the

duties and functions of the State Procurement Agency and the state property in its possession have been transferred to the State Service for Antimonopoly Policy and Protection of Consumers' Rights under the Ministry of Economy of the Republic of Azerbaijan.

Presidential Decree On Approval of Rules For Issue of Investment Promotion Certificate

According to Presidential Decree of 19 January 2016 "On approval of rules for issue of investment promotion certificate" for the purposes of expansion of investment activities, improvement of business environment, and increase of industrial production, an investment promotion certificate will be granted to entrepreneurs in order to benefit from the incentives stipulated in the Tax

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Code and the law "On customs tariffs". Pursuant to these rules, the Cabinet of Ministers shall identify the types of business activities, the minimum amount for the scope of investment projects, and the territorial units where such activities will be conducted.

Сhanges to the Tax Code

Simplification of Visa Obtainment Procedures

According to the information released on AZAL's official web-site, effective 1 February 2016, citizens of Qatar, Oman, Saudi Arabia, Bahrain, Kuwait), Japan, China, South Korea, Malaysia and Singapore will be able to get a 30-day single entry visas upon their arrival at visa centres in all international airports of Azerbaijan.

Promotion of investments

Annual interest income on deposits of individuals paid by the local banks and branches of foreign banks operating in the Republic of Azerbaijan, as well as dividends on investment securities paid by the issuer, discount and interest income will be exempt from income tax for 3 (three) years starting from 1 February 2016.

On 19 January 2016 a draft law on promotion of investments was published on the official website of Milli Mejlis (the Parliament of the Republic of Azerbaijan). Application of tax and customs concessions serves as a key component of the investments promotion.

The draft law envisages the following concessions and exemptions for 7 years:

- ✓ An individual and a private entity obtaining an Investments Promotion Document (IPD) from the Ministry of Economy shall be entitled to an exemption of 50% of the income (profit) tax rate from the moment of obtaining this document;
- ✓ An individual and a private entity obtaining the IPD shall be entitled to an exemption from land and property taxes from the moment of obtaining this document;
- ✓ Machinery and equipment imported on the basis of the IPD shall be exempt from customs duties.