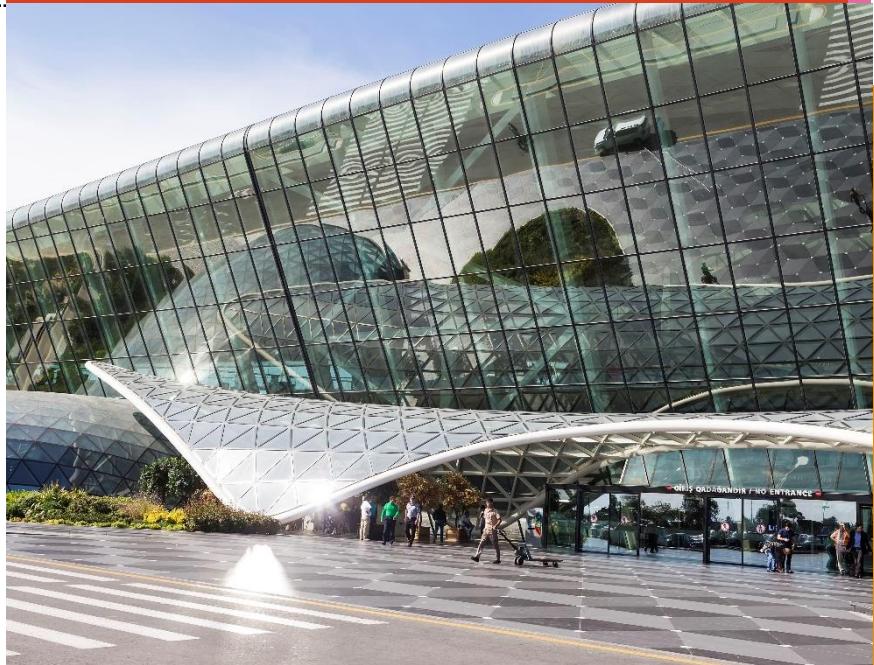


PwC Azerbaijan Times

Issue №2, Breaking News

Overview of this Issue:

- **Approval of the criteria for oil and gas and government sector**
- **PwC's Academy in Azerbaijan announces a new seminar on "Finance for Non-Finance Professionals"**



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Approval of the criteria for oil and gas and government sector.

The Cabinet of Ministers approved the criteria on oil and gas activities, and non-government sector by decision No 56 dated 18 February 2019.

Pursuant to the last amendments to the Tax Code and the Law on State Social Insurance of the Republic of Azerbaijan, the monthly income of the employees involved in non-oil and gas and non-government sector will be subject to the beneficial taxation for 7 years period beginning from 1 January 2019. (See *PwC Azerbaijan Times*, issue No 20)

The employee employed by the enterprises involved in the oil and gas activities and government sector will not be able to benefit from the mentioned incentives.

The Cabinet Ministers' decision provides the following criteria for classification:

1. Oil and gas companies:

1.1. The State Oil Company of Azerbaijan Republic and the enterprises being part of SOCAR's structure*;

* *The structure of SOCAR is approved by Decree of the President of the Republic of Azerbaijan No 844 dated 24 January 2003.*

1.2. Contractor parties and operating companies under Production Sharing Agreements, host government agreement with respect to main pipelines and other similar agreements;

1.3. Foreign and local subcontractors providing services to the entities listed in paragraphs 1.1 and 1.2, if the proportion of their gross revenue generated from supply of goods, services and works to those entities is more than 50% of the total revenue of the previous year.

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1.4. Subcontractors to be established (newly registered entities) during the current year may implement reduced tax rates for employment income from the beginning of the year up to the month, in which the proportion of their year-to-date revenue from the contracts with the entities listed in paragraphs 1.1 and 1.2 is more than 50%. Starting from the first date of next month, they lose right to use reduced tax rates (notwithstanding the proportion of the revenue in the upcoming month) until the end of calendar year. Starting from the next year, these entities became existing subcontractors and should follow the provisions of paragraph 1.3.

2. Government sector companies:

2.1. public legal entities established on behalf of the government;

2.2. budgetary organizations;

2.3. other entities and organizations financed by the state budgets;

2.4. legal entities, 51 percent and more shares/participating interest of which is directly or indirectly owned by the government.

The decree is effective as of January 1, 2019.

PwC's Academy in Azerbaijan announces a new seminar on "Finance for Non-Finance Professionals".

The aim of this practical and interactive seminar is to help participants analyse and improve financial position and performance of their organizations and teams. Using case studies, best practice and participants' own

experiences, participants will learn about key financial documents, such as the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Accounts and Budgets. In addition to that, the participants will get exposed to financial concepts such as working capital, budgeting, forecasting, investment appraisals, ratio analysis, etc. The program includes exercises on each of the topic to be covered.

Key Topics:

1. Big picture of finance function. What does it involve?
2. Structure and analyses of industry specific financial statements
3. Accounting overview of selected financial statements line items (receivables, payables, inventory)
4. Performing and interpreting ratio analysis
5. Understanding the basics of working capital management
6. Budgeting and forecasting as an effective financial management tool
7. External investment decisions
8. Contemporary issues related to treasury operations

Details of the seminar:

- Date: 8-9 April 2019
- Time : 9:30- 17:30
- Language: English
- Fee: 650 AZN (VAT excluded) per each individual; 5,000 AZN (VAT excluded) for the corporate clients per group of 12 people

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