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- Amendments to the law on mandatory health insurance



Contact us for any questions related to the information included herein



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The obligation of VAT registered taxpayers to submit a special form on Accounts Receivable and Accounts Payable balances related to received advance payment as of 01.01.2020

According to Article 2.3 of the Law No. 1704-VQD dated 29.11.2019, the taxpayers registered for VAT purposes until January 1, 2020, should submit special form until January 31, 2020 to the tax authority on the accounts receivables and accounts payable balances related to received advance payments as of January 1, 2020 («Form»).

We would like to note that according to the amendments made to the Tax Code, which came into force on January 1, 2020, the date of recognition of the taxable transaction for VAT purposes has been determined as date of payment, with certain exceptions. Thus, the recognition of timing of the VAT transaction mainly has shifted from the accrual method to the cash method.

Considering the changes in the timing of the transaction subjected to VAT, it is envisaged to submit the Information Form for the purposes of preventing recalculation of taxes accrued before January 1, 2020.

The Form should be prepared as follows:

- Amount of accounts receivable balances as of December 31, 2019, with identification of the amount for each customer.
- Advance payments received as of December 31, 2019 regarding goods and services (works) to be provided in 2020 with identification of the amount for each customer.

Information for resident and non-residents should be recorded separately in the Form.

The deadline for submitting the Form is January 31, 2020.

If the Form is not submitted until January 31, 2020, it will be considered that the taxpayer has no received advance payments and account receivables.

Amendments to the law on mandatory health insurance

According to the Law of the Republic of Azerbaijan "On health insurance", the introduction of mandatory health insurance came into force from January 1, 2020.

Amendments have been made in the rules for calculation of insurance premiums published in our previous issue and the beginning from April 1, 2020 calculation of mandatory insurance premiums for employees working under the labor contract concluded in accordance with the Labor Code are determined as follows:

Income	Insured person - Employee	Insurer - Employer
Up to AZN 8000	2 %	2 %
Above AZN 8000	AZN 160 + 0.5% for the amount exceeding AZN 8000	AZN 160 + 0.5% for the amount exceeding AZN 8000

Note: For the period beginning from April 1, 2020 up to January 1, 2021, a 50% discount will be applied to the non-governmental and non-oil sector, and mandatory health insurance premiums paid by the employee and the employer in the amount of 1% for the income earned up to AZN 8,000 for each party accordingly.

Mandatory health insurance must be paid at the same time as salary payments, but not later than the 15th of following month, and mandatory health insurance return must be submitted to the tax authorities not later than the 20th of the month following the reporting quarter.

Mandatory health insurance charges should be calculated for each month by taxpayers engaged in the production and import of gasoline, diesel fuel and liquid gas at the rate of AZN 0.02 for per liter. Calculated amount must be paid no later than the 20th day of the month following the reporting month and mandatory health insurance return must be submitted to the tax authorities no later than the 20th of the month following the reporting month.

According to the Decree of the Cabinet of Ministers of the Republic of Azerbaijan No. 504 dated 27.12.2019, the implementation of mandatory health insurance in Baku will start in October - December 2020.