

# PwC Azerbaijan Times

## Issue №4

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- **Amendments to Law on medicines**
- **Amendment to the Law on State Language**
- **Court practice on tax disputes**



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

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### **Amendments to Law on medicines**

According to the amendments medicines sold without a prescription, equipment authorised for use by the relevant executive body, treatment, prevention, diagnosis and rehabilitation methods can now be advertised. Advertiser of the medicines sold without a prescription, equipment authorized for use by the relevant executive body, treatment, prevention, diagnosis and rehabilitation methods must present to a producer and distributor of an advertisement a certificate of compliance issued by the accredited by the state body organization, instructions for the use of this medicines, the registration certificate of medicines, results of medical researches (if they are mentioned in an advertisement). If there are any side effects arising from the use of advertised medicines sold without a prescription, equipment authorized for use by the relevant executive body, treatment, prevention, diagnosis and rehabilitation methods they must be acknowledged in advertisement, as

well as the necessity of the consultation with doctor prior to usage of advertised medicine. Medicines or medical equipment requiring training for use may only be advertised in the specialized publications and distributed to pharmacists, medical staff during the special events. Free distribution of medicines, sale, accompanied by provision of medical services (paid or unpaid) in advertising campaigns is prohibited.

### **Amendment to the Law on State Language**

According to the amendment, foreign languages can be used in a text of an advertisement used in the advertisement installations with the request of an advertiser. In these cases, text in foreign languages has to be put under the text in Azerbaijani, must take less space than the text in Azerbaijani and should not exceed the one-third of advertisement's total area. Trademarks and geographical indicators used in a foreign language may be used in an advertisement in a form specified by the relevant executive body.

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### **Court practice on tax disputes**

#### **1. Company against the Ministry of Taxes and Baku city Tax Department**

*Amount of assessments:* approx. 500k manats (AZN)

*Court instance:* Supreme Court

*Date:* July 2016

*Subject:* Land Tax

*Issue:* The Company undertook construction on a drained 50ha land plot (out of total 500ha area) granted for permanent use from the state water fund. The tax authority imposed tax on the entire area.

*Decision:* The Court, supporting the Company's position, decided that the undrained area was not used for production activity and, therefore, not taxable.

#### **2. The Company against the Baku city Tax Department under the Ministry of Taxes**

*Amount of assessments:* approx. 350k manats (AZN)

*Court instance:* Supreme Court

*Date:* September 2016

*Subject:* Simplified tax

*Issue:* The Company started construction of a residential building in 2005. The government subsequently stopped construction, as it needed the land. A new location was allocated to the company in 2008.

The issue was whether simplified tax, introduced in 2007 for construction of residential buildings applied. The tax authority applied simplified tax, which worsened the Company's tax position.

*Decision:* the Court concluded that the building constructed in a new location after the amendments, was resumption of the initial project. It also considered that applicability of the simplified tax worsens the Company's tax position. It decided that the applicability of the simplified tax is invalid and supported the position of the

Company.

The law prohibits retrospective application of provisions worsening the situation of individuals and legal entities.