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## Overview of this issue

- VAT refund rules have been approved
- The Law on Amendment to the Law of the Republic of Azerbaijan “On Suspension of Inspections of Entrepreneurial Activities” has been enacted
- The Law on Amendments to the Code of Administrative Offences of the Republic of Azerbaijan has been enacted
- The Law on Amendments to the Criminal Code of the Republic of Azerbaijan has been enacted
- Simplified procedure for visa prolongation
- The Decision of the Cabinet of Ministers of the Republic of Azerbaijan on extension of non-working days has been signed



## Contact us for any questions related to the information included herein



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#### **VAT refund rules have been approved**

“Procedure for refund of VAT paid by individuals to entities engaged in retail trade or catering activities in the territory of the Republic of Azerbaijan (except for oil and gas products)” (“Procedure”) was approved by the Decree of the President of the Republic of Azerbaijan dated March 21, 2020.

In accordance with Article 165.5 of the Tax Code, the amount that could be refunded is of **15%** of VAT paid via non-cash transaction and **10%** of VAT paid via cash.

According to the adopted Procedure, the refund of VAT paid by the consumer on the purchased goods is carried out through the authorized bank. The refund is carried out via transfer to the consumer's bank card (or account). If the consumer is a foreigner or a stateless person, VAT is refunded only if those persons have a bank card (or account) in the national currency.

The VAT refund procedure is as follows:

- The consumer by using the FIN number on his/her ID card or mobile phone number should undergo the registration on the special information system registering consumers' VAT refund applications (“Portal”). After the registration, an electronic cabinet is created for the consumer.

- At the time of purchase, the seller should enter the information on the purchase of goods into the cash register connected to the electronic information system of the State Tax Service and provide the consumer with a cash register receipt after that. If the consumer pays for the goods via non-cash transaction through a POS-terminal and the POS-terminal is not integrated with the cash register, an extract from the POS-terminal along with the cash register receipt should be provided. The cash register receipt should meet the requirements of Article 50.8 of the Tax Code.

- Consumer should submit an application for a VAT refund and information on the cash register receipt to the Portal within **90 days** from the issuance of the cash register receipt.

- The information on the cash register receipt entered into the Portal is checked on the compliance with the information in the database of the State Tax Service and the approval of the receipt is reflected in the consumer's electronic cabinet.

- Taking into account the provisions of the Law of the Republic of Azerbaijan "On Consumer Protection", the application received on the Portal is activated within **14 days** after the date of issuance of the cash register receipt. The information on the amount of VAT to be refunded shall be transmitted to the authorized bank within **5 days**.

- Afterwards, the authorized bank shall return the amount of VAT to be refunded to the consumer within **10 days** by transferring amount to the consumer's bank card (or account) in the national currency. Thus, the process of VAT refund to the consumer is carried out within **30 days** from the date of submission of the consumer's application to the Portal.

- After refund of VAT, consumer can approach the seller for the return or replacement of the purchased goods. In this case, the VAT refund is checked via the Portal based on the cash register receipt obtained at the time of purchase. If it is determined that the VAT is refunded, the value of the returned goods are paid to the consumer less the amount of the refunded VAT.

#### **The Law on Amendment to the Law of the Republic of Azerbaijan “On Suspension of Inspections of Entrepreneurial Activities” has been enacted on 19 March 2020**

Starting from 19 March 2020 the relevant state authorities may resume inspections of business entities in the area of private medical activity.

#### **The Law on Amendments to the Code of Administrative Offences of the Republic of Azerbaijan has been enacted on 19 March 2020.**

The amendments impose the administrative fine ranging from AZN 100 to 200 on individuals for violation of anti-epidemics regime, sanitary - hygiene and quarantine regimes. For such violation officials will be fined from AZN 1500 to 2000. Depending on the circumstances of the case and the identity of the person committed the violation a one-month administrative imprisonment may be applied. The legal entities will be fined in the range from AZN 2000 to 5000 for violation of anti-epidemics regime, sanitary, hygiene and quarantine regimes.

#### **The Law on Amendments to the Criminal Code of the Republic of Azerbaijan has been enacted on 19 March 2020**

The amendments impose criminal liability for violation of anti-epidemics regime, sanitary - hygiene and quarantine regimes. If such violation causes spread of diseases or creates real danger of spread of diseases, the punishment will be in a form of fine ranging from AZN 2.500-5000 or restriction of freedom or imprisonment for the period of up to 3 years will be applied. If the same actions cause a man's death or other grave results, the perpetrators will be sentenced to 3-5 years imprisonment.

#### **Simplified procedure for visa prolongation**

Considering recommendations of the Operational Headquarters under the Cabinet of Ministers on March 24 the State Migration Service of the Republic of Azerbaijan (the SMS) has introduced new simplified rules on visa prolongation. From now on, if a foreign national whose visa will expire before April 30 is not able to leave Azerbaijan, will receive a visa prolongation for 30 or 60 days. To effect the prolongation, the foreign national should enter "track your application" section on the official website of the SMS, insert his/her passport details for the prolongation so that he/she receives a code for paying the state duty. Please note that the state duty for 30-day and 60-day prolongation is AZN 30 (approximately, USD 18) and AZN 60 (approximately, USD 35) respectively.



To effect the prolongation, the foreign national should enter "track your application" section on the official website of the SMS, insert his/her passport details for the prolongation so that he/she receives a code for paying the state duty. Please note that the state duty for 30-day and 60-day prolongation is AZN 30 (approximately, USD 18) and AZN 60 (approximately, USD 35) respectively.

The services will start functioning on the SMS website within 3 days.

**The Decision of the Cabinet of Ministers of the Republic of Azerbaijan on extension of non-working days has been signed**

The Cabinet of Ministers of the Republic of Azerbaijan decreed the nation-wide non-business period to extend until 6 April 2020 except for state organisations of high importance as well as banks, supermarkets, groceries, pharmacies, drugstores and food producers.