

PwC Azerbaijan Times

Issue №8

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- **Amendments to the Law of the Republic of Azerbaijan on Accounting**
- **PwC Azerbaijan appoints the new Leader of Legal Practice**



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

Arif Guliyev, Managing Director, Tax & Legal Services Leader

arif.guliyev@pwc.com

Elchin Mammadov, Director, Head of Legal Practice

elchin.mammadov@pwc.com

Aysel Suleymanova, Marketing & Communications Leader

aysel.suleymanova@pwc.com

PwC Azerbaijan

The Landmark Office Plaza III | 12th Floor
90A Nizami Street
AZ1010 Baku | Azerbaijan

Tel: +994 12 497 2515
Fax: +994 12 497 7411

www.pwc.com/az



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Amendments to the Law of the Republic of Azerbaijan on Accounting

According to the Amendments, the main goal of the state regulation on accounting in the Republic of Azerbaijan is to ensure the preparation of financial statements based on International Financial Reporting Standards (IFRS) for all type of entities, including Small and Medium Enterprises, Public Sector, and accounting rules and maintenance of accounting records in the country. At the same time, with these amendments, the National Accounting Standards and the simplified accounting rules for small entrepreneurs were removed from the Law.

According to the Amendments, tax reports submitted to the tax authorities by commercial and non-commercial entities in accordance with the Tax Code of the Republic of Azerbaijan are not substitute for the financial statements submitted according to the requirements of the Law.

Additionally, according to the Amendments, chief accountants of the following entities should be professional accountants:

1. Legal entities, which controlling interest (stocks) of shares belong to the state;
2. Other public interest entities, except the legal entities with securities traded at the stock exchange;
3. Large Enterprises (an entrepreneur with AZN 1.250k and more annual income, or 125 or more employees);
4. Public legal entities publishing their annual or consolidated financial statements and state-funded organizations.

The legal entity rendering accounting services to the above-mentioned persons on contractual basis should have an employment contract with at least two professional accountants and individual engaged with an entrepreneurial activity without establishment of a legal entity shall have employment contract with at least one professional accountant.

Professional accountant is the person who successfully passes an exam organized by the State Examination Centre*, obtains a professional accountant certificate and is a member of professional accounting organization.

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The relevant certificate is provided to persons who successfully passed professional accounting examination and registered by the Ministry of Finance*. Professional accounting organization is a non-commercial organization consisting of professional accountants and accredited by the Ministry of Finance*.

In the Amendments, there will be a state supervision intended for accounting subjects in respect of their accounting processes during state financial supervision and tax audits carried out by Ministry of Finance and Ministry of Taxes, respectively. In certain accounting subjects (credit organizations, insurance companies, investment funds and their management, as well as persons providing licences for securities market), the state supervision will be implemented by the authority established by relevant executive power.

In addition, a number of new definitions have been introduced into the Law together with amendments to certain definitions.

* - According to the relevant Decree of the President of the Republic of Azerbaijan on application of the Law

The ranking is based on a series of criteria, highlighting practice areas > and teams who are providing the most cutting edge and innovative legal advice to the clients in various industries. PwC Azerbaijan's team of legal professionals handles corporate and M&A, banking and finance, oil and gas, IP, employment and immigration matters.

The Firm's legal team offers integrated legal advice, with access to specialists from across the whole of PwC network. With over 3,500 lawyers in 90 countries and immigration law services in 116 countries, PwC is the largest legal services network by geography.

PwC Azerbaijan appoints the new Leader of Legal Practice

PwC Azerbaijan has made a new appointment to its leadership team. Elchin Mammadov, has joined PwC Azerbaijan as the Head of PwC Legal. Elchin is bringing extensive experience in various fields of law, including contracts, banking and litigation. He is dual qualified and admitted to practice as a lawyer in Azerbaijan and a solicitor in England and Wales. Elchin was formerly a partner in Omni and in MGB Law Offices (formerly known as McGrigors) and Ledingham Chalmers.

PwC's legal practice in Azerbaijan has significantly expanded during the past few years. We have 7 lawyers, specializing in diverse fields of law, from immigration and labor to litigation. Also, this year, "The Legal 500" has again confirmed Tier 2 position for PwC Azerbaijan for the year 2018.