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Overview of this Issue:

- Approval of the Amendments to the Tax Code



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Approval of the Amendments to the Tax Code

Amendments to the Tax Code on the implementation of Law No. 1356-VQD dated 30 November 2018 ("the Law") have been approved by the Decree of the President of the Republic of Azerbaijan dated 20 December 2018.

We would like to share the most important differences between the enactment of the amendments approved by the Milli Majlis (published on Issue 20 of PwC Azerbaijan times) and the changes that became effective.

- The maximum headcount specified for the persons engaged in production activity and eligible to pay simplified tax was determined 10 persons instead of 5;
- The rule on carrying forward of VAT amount required from the budget to the following 3 months have been abolished and the claimed tax amounts considered to be paid no later than 4 months from the date of filing e-application;
- Instruction on separate accounting of employees involved in oil and gas and non-oil and gas sector, where different tax rates are applied, has been removed from the new wording. The criteria for oil and gas sector and non-government sector shall be determined by the Cabinet of Ministers;

- If taxpayers providing financial lease services submit information on financial lease agreement concluded with individuals until 01 January 2019 to the their registered tax authority, Article 140.1 of the Tax Code valid till 01 January 2019 shall be applied to the transaction under such agreements;

- Taxpayers who are engaged in trade activities and exercise the right to pay 6% simplified tax until 01 January 2019, shall submit information to the tax authorities with regard to the goods in their possession within 15 (fifteen) days from that date. In case submitting information with regard to the goods in the possession of the taxpayers VAT amount shall be charged against the difference between the purchase and sale price of the goods until 01 April 2019.

- Newly-added financial sanctions come into force on 01 January 2020, with respect to agricultural producers.

Other provisions of the Law shall become effective from 01 January 2019.