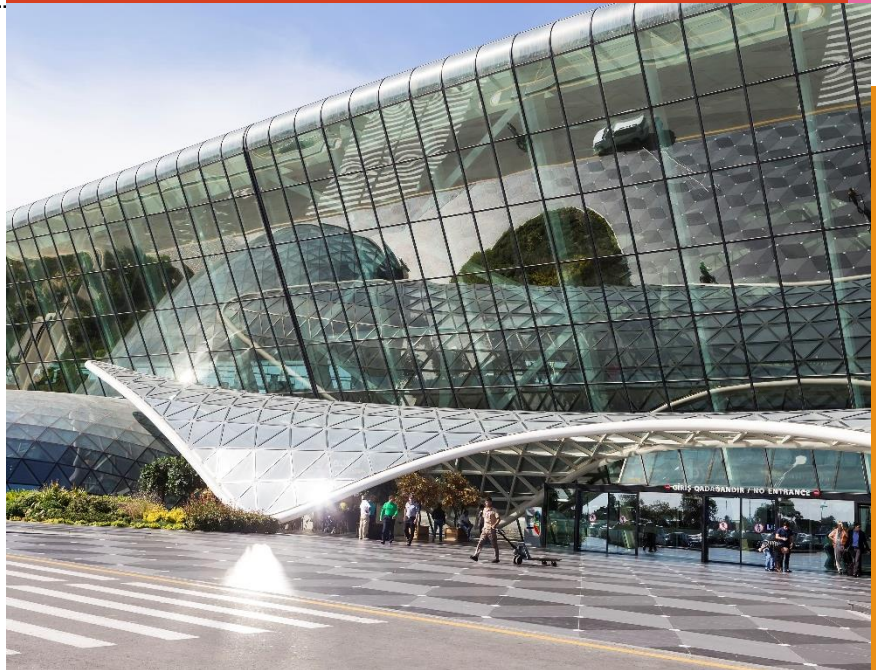


# PwC Azerbaijan Times

## Issue №29

### Overview of this Issue:

- **Several normative legal acts for improvement of the tax administration have been accepted**
- **Presidential Decree on establishment of the “Food products’ procurement and supply” OJSC**
- **Decision of the Cabinet of Ministers on increase of the state duties on imported goods for the period of 2 (two) years**



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### ***Several normative legal acts for improvement of the tax administration have been accepted***

Following the recent executive order of the President on “The areas of reforms to be carried out in 2016” and improvement of tax administration”, the Collegium of the Ministry of Taxes issued a decision on approval of several normative legal acts for improvement of the tax administration.

The decision, inter alia, approved the following rules:

- “Rules on conducting desk tax audits of the tax returns”;
- “Rules on conducting field tax audits”;
- “Rules on determination of bona fide taxpayers and giving the privileges in this regard”;
- “Rules on conducting electronic audit”;
- “Rules on informing the taxpayers by the Call Centre of the Ministry of

Taxes”, etc.

In general, these rules incorporated previously conducted practice of the Ministry of Taxes into a normative legal act. Furthermore, these rules also creates several new practices not existing before.

According to “Rules on determination of bona fide taxpayers and giving the privileges in this regard”, (the “Rules”) a taxpayer who obtained a bona fide taxpayer’s certificate shall be entitled to the following privileges:

- Shall not be subjected to a field tax audit (except very limited circumstances);
- All written applications of such taxpayer to the tax office shall be addressed within 5 days;
- Such taxpayer shall be entitled to be serviced by the special front desks in the taxpayers’ service centres or they shall be serviced without queuing;
- Such taxpayer shall be entitled to use special telephone line of the Ministry of Taxes’ Call Centre;

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- Such taxpayer shall be invited to the discussions of the proposals on improvement of the tax legislation;

- Such taxpayer shall be entitled to use certain mobile services by the Ministry of Taxes;

Moreover, a particular taxpayer shall be considered a bona-fide tax payer if he/she meets the following requirements:

- Has a record of 5 years uninterrupted business activity as a registered taxpayer;

- Prepares its accounting as per international reporting standards or national accounting standards and submits such information to the tax office;

- Submits an enquiry to the tax office regarding the relevant opinion on potential tax computations on transactions involving risk or being different than his/her main activity and has signed a "Tax Partnership Agreement" with the tax office;

- Having internal audit and risk management systems over the tax and accounting systems or receiving services from independent professional auditors and consultants operating as per Azerbaijani laws;

- Submitting and receiving no counterfeit documents and not being subjected to criminal persecution for economic crimes ;

- And meeting the following additional requirements within the last 3 years:

- Timely payment of the self-assessed taxes indicated in the tax returns;

- Having no delay in submission of tax returns;

- Ends up the calendar year with profit (provided that it is not less than relevant industry average);

- Assessed tax deficiency amounts not exceeding 2% of the tax amounts stated in the tax returns, etc.

According to the Rules, bona fide taxpayer's certificate is issued for 3 years and the taxpayers to whom this certificate is issued shall be entitled to the mentioned privileges within the same time period.

### ***Presidential Decree on establishment of the "Food products' procurement and supply" OJSC***

The main purpose for the establishment of this OJSC is stimulating development of agriculture; create the foundation to improve the social welfare of the population engaged in agriculture as well as improve the efficiency of the use of public funds and ensure the centralized implementation of the food procurement ordered by the state. At this stage, all shares of the OJSC are state-owned. The President has allocated AZN 10,000,000 (ten million) from the state budget for the establishment of the OJSC.

### ***Decision of the Cabinet of Ministers on increase of the state duties on imported goods for the period of 2 (two) years***

The decision will apply to meat and edible meat offal (fresh, chilled and frozen poultry meat), eggs, vegetables (cucumbers, tomatoes, onions, garlic), fruits and nuts (walnuts, hazelnuts, grapes, apples, pears, quinces, persimmons), fruit and vegetable juices, alcoholic and non-alcoholic beverages (mineral and soda water), construction materials (bentonite, gypsum, cement, clinker), articles of stone, plaster, cement, asbestos (slabs, bricks, building blocks) and ceramic products. The decision will come into force on November 1, 2016 and shall remain effective for the period of 2 (two) years.