

PwC Azerbaijan Times

Issue №36

Overview of this Issue:

- **Draft law on non-cash transactions**
- **Presidential Decree on Strategic roadmaps of national economy and main sectors of economy approved the following strategic roadmaps**



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

Aysel Suleymanova

Marketing & Communications Manager

aysel.suleymanova@az.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

© 2016 PwC. The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. No representation/warranty is given as to the accuracy or completeness of the information in the publication. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

Draft law on non-cash transactions

According to the draft law, monthly transactions exceeding AZN 30,000 by VAT payers and businesses engaged in trade, nutrition and services with monthly turnover exceeding AZN 200,000 and exceeding AZN 15,000 by other taxpayers should be conducted as non-cash operations.

The law will enter into force for VAT and taxpayers with monthly turnover exceeding AZN 200,000 on January 1, 2017 and on April 1, 2017 for other taxpayers.

Presidential Decree on Strategic roadmaps of national economy and main sectors of economy approved the following strategic roadmaps

As our readers may recall from Issue № 35 development of a sustainable and competitive non-oil sector in Azerbaijan is the main direction of economic policy of the Republic. Taking this priority into account, President approved following strategic roadmaps:

1) Strategic roadmap for development of heavy industry and mechanical engineering.

The main goal of this Strategic Roadmap is to achieve economic diversification by increasing the benefit of heavy industry and mechanical engineering.

In order to reach these aims three goals have been defined for the period of 2016-2020:

- Optimisation of existing assets;
- Creation of a competitive sector;
- Provision of financial support and international cooperation.

Achievement of the outlined above objectives by 2020 will lead to a real GDP growth by AZN 1 billion 560 million and will create 7,700 new jobs. The realization of these goals requires AZN 2,9 billion investments.

Strategic Roadmap defined following six priorities for heavy industry and engineering sector:

- Mining (except oil and gas);

PwC Azerbaijan Times

Issue №36

- Metallurgy;
- Production of some construction materials;
- Machine-building industry in the oil sector and agriculture;
- Production of electrical equipment;
- Development of services in the machine-building sector.

2) Strategic roadmap for development of specialised tourism industry in Azerbaijan.

The roadmap defined four priority areas in specialised tourism industry in Azerbaijan:

- 1) Full utilisation of tourism potential of Baku.
- 2) Formation of a more favourable environment for the development of tourism in the country.
- 3) Development of tourism in Azerbaijan through the implementation of regional tourism initiatives.
- 4) Investments in educational programs in the field of tourism and improvement of the industry standards and certification systems to increase satisfaction level of tourists.

As a result of implementation of the objectives set out in the Decree, a direct increase of GDP in Azerbaijan will amount to AZN 303 million, and indirectly about AZN 172 million by 2020. It is expected to increase the number of foreign nationals staying in hotels and hotel-type establishments by 4.6 times in comparison with 2015.

3) Strategic roadmap for production and processing of agricultural products.

The main objectives of the Roadmap are:

- Simplifying access to financial resources;
- Strengthening sustainability of food security;

- Improving quality of professional education;
- Developing consulting and information services;
- Simplifying access to the markets for manufacturers;
- Developing market infrastructure;
- Improving business environment in the sphere of agriculture.

Moreover, Strategic Roadmap envisage creation of the Public-Private Investment fund for development of production and processing of agricultural products. The Ministry of Economy, Ministry of Finance and Ministry of Agriculture will prepare proposals for creation of the Public-Private Investment Fund.

This Fund will calculate investment income and categorise investments (for instance on infrastructure, production and processing), form criteria for choice of projects and prepare offers on the creation of monitoring system.