

**April 2019**

**In this issue:**

1. The Law on regulation of the debts of the State property (entities) to be privatized in respect of the property and land taxes as of March 01, 2019;
2. The Law on amendments to the Law on the state registry of immovable property;
3. The Law on amendments to the Law on insolvency and bankruptcy;
4. The Law on amendments to the Criminal Code and the Law on amendments to the Code of Administrative Offences.

1. The law on regulation of debts of the State Property (to be privatized in respect of the property and land taxes has become effective as of March 01, 2019 (the Effective Date). It envisages the rehabilitation and debt regulation process of the State property (entities) to be privatized. The Ministry of Taxes of the Republic of Azerbaijan and the seller of the State property (entity) shall jointly specify the debts of that property (entity) in respect of the property and land taxes as of the Effective Date. Moreover, receivables and payables envisaged on balance obligations of the privatized entity shall be separately shown on the privatization plan.

Furthermore, in order to improve the efficiency of the entities after privatization, this law stipulates writing-off the debts on property and land taxes as of the Effective Date as follows:

- Writing-off of the remaining debts, if 30% of debts is paid during 1 year after privatization of the State property (entity);
- Writing-off of the remaining debts, if 50% of debts is paid during 2 years after privatization of the State property (entity);
- Writing-off of the remaining debts, if 70% of debts is paid during 3 years after privatization of the State property (entity).



2. On 3 April 2019 the amendments to the Law on the state registry of immovable property were adopted. These amendments bring the following advantages to ease the state registration of immovable property.

The formation and the transfer of the property rights on the immovable property shall be documented by the electronically issued extract from the state registry. The registry number of the immovable property shall be indicated on the extract. This extract shall be posted in the electronic government portal and shall enable the right holder to receive information about property in real-time mode. Upon the request of the right-holders, this extract shall be electronically sent to them.

The process of the state registration of the immovable property shall be realized in compliance with the requirements of the law

on the electronic signature and electronic document. The paper-based applications and other documents for the state registration of the property rights shall be converted into the electronic form.

The following shall be provided in the electronic state registry:

- taking measures on creation of protection system in order to prevent the loss and illegal acquisition of information on immovable property;
- entry of information into database, keeping it unchanged and clearly readable;
- allowing the right-holders to obtain information on the immovable property through electronic information system.



**3.** The Law on amendments to the Law on insolvency and bankruptcy, being effective from April 23, 2019, clarified the concept of insolvency.

Thus, the debtor shall be considered insolvent if the debtor:

- did not execute its obligations in respect of the damages to life and health, alimony, labor relations, payments concerning authorship agreements within 2 consecutive months;
- did not pay in full the taxes and other State duties within 10 consecutive months;
- did not execute its obligations to creditors within identified period.

The following clauses are also added to the Law:

The court shall examine and decide upon the application within one month from the day it is lodged with the court. In case of the complaint against the court decision, the courts of the next instance shall examine and decide upon the application within one month. The participants of the process shall be informed about the court hearings at least 5 working days in advance. The applicant shall publish an announcement about the judicial review at least 5 working days in advance on the official web page of the Ministry of Economy of the Republic of Azerbaijan and on official periodical press.

The rehabilitation plan is accepted by voting among the creditors. However, only the creditors, rights of who will be affected after acceptance of the rehabilitation plan, may vote. The rights of the creditors who voted against the rehabilitation plan, or creditors who did not participate in voting, shall be ensured equally with the rights of creditors who voted for the rehabilitation plan.



**4.** The Law on amendments to the Criminal Code and the Law on amendments to the Code on Administrative Offences bring the new regulation on organization of illegal international telecommunication services through telecommunication network and indicates relevant sanctions.

According to the Code on Administrative Offences, the organization of illegal international telecommunication services by entering into the telecommunication network of an operator or provider by appropriate device shall be punished with a fine (individuals in the amount of AZN 2500-3000, official persons in the amount of AZN 4000-5000 and legal persons in the amount of AZN 6000-8000) in the following amounts by confiscation of equipment and means used in realization of the offence:

The officials, who did not take measure to prevent the organization of illegal international telecommunication services shall be fined in the amount of AZN 2000-3000, legal persons shall be fined in the amount of AZN 8000-10000.

According to the Criminal Code, the persons who cause significant damage by organization of illegal international telecommunication services entering into the telecommunication network shall be charged in the amount which is equivalent to twice the cost of the damage, 2 years of corrective labor, or 2 years of restriction of liberty or penalty of imprisonment for 2 years.

The appropriate device means the device where sim-cards of mobile numbers are installed and which provides the direction of international telephone traffic into the commonly used telecommunication network.

BHM Legal Update is organized by themes about major legal processes which aim to alert businesses about significant laws, legislative changes and landmark court decisions.  
This material should not be construed as legal advice or legal opinion.

**FOR MORE INFORMATION:**

"SKS" Plaza, 7th floor, 49 Fuzuli Str., AZ1014  
T. (+994 12) 480 0088  
office@bhm.az  
www.bhm.az

© **BHM Law Firm LLC. All rights reserved.**