

June and July 2020

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1. This Law regulates, by defining the temporary tax regime, the list of taxpayers, tax rates applied to the operations of micro-business entities that are simplified taxpayers, tax benefits and exemptions, tax payment periods, and issues related to the choice of the tax regime.

Hence, the essence of the temporary tax regime is the calculation of taxes in respect of all or some business over some time due to significant changes in economic conditions as a consequence of natural disasters, as well as events in the global economic environment temporary provision of payment.

The temporary tax regime is applied to the following taxpayers for a period of one year from January 01, 2020, taking into account the rate of simplified tax established by the Tax Code:

- Domestic (intercity and inter-district, intra-city and intra-district) passenger transport by road (including taxes);
- Operation of hotels and other hotel-type facilities as accommodation facilities;
- Tour operator and travel agent activities;
- Transportation and (or) delivery of goods on orders, including food, and non-food products from sellers to buyers;
- Catering activities;
- Organization of exhibitions, stage, recreation and entertainment (game), cinema, theatre, museum and concert halls;
- Activities of sports and health facilities;
- Activities of training (education) and professional development courses, out-of-school educational institutions, psychological centres;
- Areas of activity (state-owned legal entities, budget organizations, financed from the state

budget and extra-budgetary state funds) whose activities are fully or partially restricted by the decision of the relevant executive authority in order to ensure the health and safety of the population in connection with the spread of the Coronavirus pandemic except for other state bodies (institutions)).

It is worth to note that the provisions of the temporary tax regime do not apply to taxpayers engaged in non-commodity and (or) risky transactions (except for the period of non-commodity and (or) risky transactions).

At the same time, this Law defines the rules for the application of the simplified tax during the temporary tax regime. It should be noted that the tax payers can benefit from the mentioned changes about simplified tax only upon September. Persons engaged in catering activities registered for VAT shall act as payers of the simplified tax from the date of submission of written information to the tax authority where they are registered that they will use the right to be a payer of the simplified tax, and the provisions of the temporary tax regime shall apply to goods (works, services).

2. On this Law, it has determined the carrier shall deliver the cargo entrusted to him by the consignor from the previous place to the destination point and hand it over to the consignee or the person authorized to receive the consignment, and by the consignor, consignee or other person authorized by them to undertake to pay the fee in air, transport and sea transport.

At the same time, it was noted that during transportation, the consignor must provide the carrier with documents and other information related to the cargo for the proper performance of the contract of carriage. The consignor shall compensate the damage caused by the absence and inaccuracy of this information and documents.

3. On June 04, 2020, the President of the Republic of Azerbaijan signed a decree approving the "Rules for granting soft loans at the expense of the Entrepreneurship Development Fund of the Republic of Azerbaijan".

This Decree provides for some changes in the management of the Fund. These are:

- To determine the procedure for restructuring the authorized credit organization's debt

obligation to the Fund (deferral of the obligation);

- When the license of the authorized credit institution is revoked and subject to liquidation procedure, all or part of the loan portfolio financed by the Fund is transferred from the liquidated bank (or non-bank credit organization) to another authorized bank (or non-bank credit organization) to determine the terms of restructuring the soft loan;
- Approve the rules for the classification of the Fund's assets placed through authorized credit institutions and the creation of the special reserves to cover possible losses (including the write-off of bad assets) and make appropriate proposals to change the authorized capital;
- Approve rules governing internal procedures for authorized credit institutions that do not fulfil their obligations to the Fund.

4. On July 01, 2020, the President of the Republic of Azerbaijan signed a decree on approval of the list of permits and licenses which are not required to carry out the relevant work on the directions of activity of the State Oil Company of the Republic of Azerbaijan. The mentioned lists are as follow:

List of licenses:

- Communication services;
- Installation and operation of liquefied and natural gas facilities;
- Mining and drilling operations;
- Installation and repair of lifting equipment, metallurgical equipment, pressure boilers, tanks;
- Carrying out diagnostics and other technical inspections of equipment and technical devices operating in potentially hazardous facilities;
- Engineering-search, construction and installation works of buildings and facilities requiring construction permission;
- Design of buildings and facilities for which construction permits are required and information procedures are applied

List of permissions:

- Certificate on application of special economic regime to oil and gas activities for export purposes;
- Registration of the list (import list) of equipment and materials to be imported to the Republic of Azerbaijan in order to obtain

- discounts for oil and gas activities for export purposes;
 - Granting the status of geological allotment to the subsoil areas allocated for the purpose of geological study;
 - "Special badge" for motor vehicles used by taxpayers to transport their employees and special goods to ensure their production activities;
 - Permission for production, transportation, distribution of gas and processing of natural gas;
 - Permission for development, construction and operation of underground gas storage facilities;
 - Permission to operate an industrial gas plant;
 - Permission for exploration, processing and production of oil and gas fields, and processing and transportation of oil and oil products by pipelines;
 - Permission for construction and operation of a construction facility
- 5.** On this Law, dated July 14, 2020, the definition of the contract of merchant shipping and the parties to the contract is determined as follows:
- The contract of merchant shipping means that the carrier to carry the cargo given or to be delivered to him by the consignor or freight forwarder from the place of payment to the port of destination and to transfer the cargo to the natural or legal person (hereinafter - the consignee) authorized to receive the goods on the basis of the contract. According to this contract the consignor, freight forwarder, consignee or other person authorized by them undertakes shall pay the cost of transportation (freight).
 - A carrier is a natural or legal person who carries cargo from the place of destination to the port of destination based on a contract of merchant shipping for a fee, and who owns a vessel with the right of ownership, lease or use. An actual carrier is a natural or legal person who owns, leases or uses a ship and is entrusted by the carrier to carry out the carriage or part of the carriage, including any other natural or legal person to whom such carriage is entrusted.
 - The freight forwarder is a person who organizes the transportation of goods from the place of location to the port of destination by third parties

(carriers) on his own behalf, but at the expense of the consignor.

Furthermore, this Law regulates rules for bringing a claim against freight forwarder.

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