

July, 2017

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## **I. Approval of Tax Haven Jurisdictions. Decree of the President of Republic of Azerbaijan dd. July 11, 2017**

List of countries with preferential taxation is released for the purposes of Article 128.3 of Tax Code of Azerbaijan.

The changes to the Tax Code of the Republic of Azerbaijan at the end of last year brought 10% new tax (Articles 13.2.16.14-1 and 125.1.9 of the Tax Code) for payments from Azerbaijan to resident entities of those tax haven jurisdictions the list of which to be released annually.

The new tax shall be applied to all payments to the resident entities of the following tax havens:

Andorra, Anguilla, Antigua and Barbuda, Aruba, Netherlands Antilles, Bahamas, Bahrain, Bermuda, British Virgin Islands, Belize, Barbados, Gibraltar, Jersey, Dominica, Hong Kong, Cayman Islands, Cooc Islands, Kosta Rika, Guernsey, Grenada, Liberia, Lichtenstein, Maldives, Isle of Man, Marshall Islands, Montserrat, Monaco, Macau, Nauru, Niue, Panama, Palau, Seychelles, Sent Kitts and Nevis, Samoa, Saint Vincent and the Grenadines, Saint Lucia, Turks and Caicos Islands, United States Virgin Islands, Vanatu.

## **II. Law on Changes to the Law on Public Legal Entities of the Republic of Azerbaijan, dd. May 31, 2017, published July 14, 2017**

- Public Legal Entities (PLEs) can only charge fee for the services stipulated in the Law on State Fees in compliance to the rules and amounts stipulated in that Law;
- PLEs cannot be declared bankrupt;
- State and Municipalities can be held liable for the debts of PLEs and the

limit of this liability can be more than the property of PLEs.

## **III. Law on Changes to the Law on Copyright and Related Rights of The Republic of Azerbaijan, dd. May 31, 2017; published July 11, 2017**

Although, before the change, advertisement on any media (video or poster etc.) was implicitly protected under the Law on Copyright and Related Rights (as an audiovisual works), according to the new law advertisement explicitly become object of the Law on Copyright and Related Rights.

## **IV. Order of Constitutional Court of Republic of Azerbaijan dd. June 12, 2017**

The Constitutional Court of Republic of Azerbaijan reversed Civil Board of Supreme Court's order for payment of dividends to one of the participants of "Avtouniversal" Limited Liability Company. Consequently the Plenary Session of Supreme Court will hear the case again. You may find about the final decision in the following Issues of BHM Legal Update.

The Constitutional Court found that the Civil Board of Supreme Court has breached requirements of clauses 417.1.4 and 417.2 of the Civil Procedures Code of the Republic of Azerbaijan and the applicant's property rights and right to the protection of court were violated as a result of wrongful interpretation of the applicable laws.

The Constitutional Court's rational is that the Civil Board of Supreme Court can give new orders based on circumstances and evidences found in appellate court and this order can be

made only if the appellate court has breached law or applied the law wrongly.

Running counter to this, Civil Board of Supreme Court has given completely different order from the order of appellate court by applying clauses 417.1.4 and 417.2 against to their constitutional meaning and turning herself in authorities of appellate court.

## V. Draft law on Insurance for Unemployment

The draft law on compulsory insurance for unemployment is in the discussion in second phase at the Parliament of Republic of Azerbaijan.

The draft law is about to compensate wages of employees after losing their jobs only either as a result of liquidation of employer or employee layoffs, consecutively Article 70(a) and 70(b) of Labor Code.

The compensation is planned to be granted up to 9 months from the date of registration as an unemployed person and for those who has at least 3 years of length of service. Insurance fees will be collected by the relevant government body from each of the employee and employer in the amount of 0,5% of the salary of the employee.

Those who has employed more than 12 months within the past 24 months before the date of unemployment will receive compensation in the following percentage of the salary:

- 3 - 5 years of length of service – 50 %
- 5 - 10 years of length of service – 55 %
- More than 10 years of length of service – 60 %

According to the draft law it will be

in force from 01 January 2018.

## VI. Electron visa in 3 hours Law on Changes to the Migration Code dd. 30 June 2017, published 14 July 2017

A new piece of legislation enabling an option to obtain electron visa at the latest in 3 hours from the time of receipt of application by foreign nationals and stateless person (applicants) has signed by the President of Azerbaijan. The amendments also bring an option to demonstrate details of e-visa in lieu of printed e-visa. Another amendment has changed the procedures of entrance and leave on the border of Azerbaijan. E-visa holders are leaving the country in accordance with the e-visa based on which they entered to the country, except in the cases of extension of e-visa or obtaining temporary residence permit.

It should be mentioned issuance of e-visas is an innovative approach applied by Azerbaijan for easing visa procedures. E-visas are issued by “ASAN visa” service within 3 days and allow entrance to Azerbaijan with permission of stay up to 30 days. Applications as well as payments for such e-visas are made and additional information can be obtained at <https://evisa.gov.az/en/>. Applications should be made at least 3 days in advance of traveling to Azerbaijan. There must be more than three month left to the expiration date of Passport prior to application date. Application process and visa costs only 23 US dollars and is only available for the citizens of certain countries which are determined and listed by the Ministry of Foreign Affairs of Azerbaijan.

Only residents of the following countries are eligible to apply for e-visa:

Albania, Algeria, Andorra, Argentina, Australia, Austria, Bahrain, Belgium, Bosnia and Herzegovina, Brazil, Brunei Darussalam, Bulgaria, Canada, Chile, China, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Guatemala, Vatican, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jordan, Kuwait, Latvia, Liechtenstein, Lithuania, Luxemburg, Macedonia, Malaysia, Malta, Mexico, Monaco, Mongolia, Montenegro, Morocco, Nepal, Netherland, New Zealand, Norway, Oman, Pakistan, Panama, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri-Lanka, Sweden, Switzerland, Thailand, Turkey, Turkmenistan, United Arab Emirates, United Kingdom, United States of America, Vietnam.

Undeniably one of the main advantages of e-visa is the fact that the passport of the applicant does not need to appear at the consulate office for visa to be printed on it, instead in the case of successful application e-visa is sent to the applicant's email. This information shall be very cheerful for the people who want to visit Azerbaijan.

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

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