



## Legal updates

In this release, we would like to bring to your attention an overview of the following:

- New Tax Exemptions Adopted in relation to COP29
- New Customs Duty Exemption for Goods Imported for the Organization of COP29
- Ratification of the BEPS Convention
- Introduction of New State Standard for Corporate Governance
- Azerbaijan Plans to Launch Highly Qualified Migrants Program

### New Tax Exemptions Adopted in relation to COP29

*On May 21, 2024, the Law of the Republic of Azerbaijan "On the amendments to the Tax Code of the Republic of Azerbaijan" ("Amendments") was adopted.*

Pursuant to the Amendments, new tax exemptions were introduced regarding the following types of income for 9 months starting from March 1, 2024, in connection with COP29 in Azerbaijan:

- Personal Income Tax (PIT) – income received by non-resident physical persons from the provision of goods, works, and services based on a document issued by the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan (the "MENR")
- Corporate Income Tax (CIT) – royalty income paid to a non-resident legal entity by the MENR based on a contract concluded between them for the use of copyrights or for granting rights of use on intangible assets
- CIT – income received by non-resident legal entities from the provision of works and services based on a document issued by the MENR
- Value Added Tax (VAT) – performance of works and rendering of services by non-residents based on a contract concluded with the MENR, as well as import of goods based on a document issued by the MENR

The Amendments came into force on June 6, 2024.

## New Customs Duty Exemption for Goods Imported for the Organization of COP29

*On June 6, 2024, the Cabinet of Ministers of the Republic of Azerbaijan adopted the Decision "On the amendments to the Decision of the Cabinet of Ministers on the rates of customs duties for export-import transactions in the Republic of Azerbaijan" ("Amendments").*

According to the Amendments, goods imported into Azerbaijan in connection with the COP29 international event based on a document issued by COP29 Azerbaijan Operating Company are exempt from import customs duties.

The Amendments entered into force on June 6, 2024.

## Ratification of the BEPS Convention

*On May 31, 2024, the Law of the Republic of Azerbaijan "On the approval of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "BEPS Convention")" ("Law") was adopted.*

The Law stipulates the ratification of the BEPS Convention, which was signed in Paris on November 24, 2016, including the reservations and notifications made by Azerbaijan.

The Law entered into force on June 24, 2024.

## Introduction of New State Standard for Corporate Governance

*On May 30, 2024, state standard on "Corporate governance. Guidance" ("State Standard") was adopted by the Azerbaijan Standardization Institute under the State Service for Antimonopoly Control and Supervision of the Consumer Market under the Ministry of Economy of the Republic of Azerbaijan.*

The State Standard envisages management principles aimed at ensuring effective, diligent, and efficient performance of duties by management bodies.

Implementing the State Standard aims to achieve, among others, the followings in enterprises and organizations:

- Increasing the efficiency of financial and economic activities
- Effective risk management
- Establishment of a reliable internal control system

## Azerbaijan Plans to Launch Highly Qualified Migrants Program

*On June 6, 2024, the President of the Republic of Azerbaijan signed the Order "On the measures to attract highly qualified foreigners and stateless persons to employment in the Republic of Azerbaijan" ("Order").*

By signing the Order, the Highly Qualified Migrant Program ("Program") is planned to be established to attract highly qualified foreign and stateless professionals for paid employment in Azerbaijan.

The Program intends to offer various privileges and benefits to highly qualified migrants and their dependents whose applications are approved. These will include simplifications related to the:

- documents required for obtaining permits for residency, living, or engaging in paid employment in the country
- duration of permits
- exemption from work permit requirements
- shortened application review period

Furthermore, a new portal operating based on the "one-stop shop" principle will be established to process applications of highly qualified migrants and respond to their inquiries.

The Order entered into force on June 6, 2024.

## Contacts

We hope that you will find this overview helpful. For more detailed information, please contact the following specialists:



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