



Tax and Legal messenger

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

- New Rules for Beneficial Ownership Registration
- Minimum Investment Amount for State-Endorsed Renewable Energy Projects
- New Advertisement Regulations have been Introduced
- Amendments to the Rules for Opening, Maintenance, and Closure of Bank Accounts
- New Permit for Importing Machinery and Materials in Liberated Territories
- Rules for Determining the Minimum Price for the Retail Sale of Alcoholic Beverages

New Rules for Beneficial Ownership Registration

Amendments were made to the Law "On the amendments to the Law on State Registration and State Registry of Legal Entities" on April 11, 2025.

Amendments have introduced a comprehensive definition of "beneficial owner" and established criteria for identifying such individuals within legal entities.

Beneficial owners are identified as:

- Individuals holding 10% or more of the shares of the charter capital or having significant influence over the decisions of the legal entity in which they are participants based on a contract
- In the absence of such individuals, or if there are doubts regarding the individuals being the beneficiary owner of the legal entity, those exercising control in other forms
- If control cannot be identified, individuals managing the legal entity

Legal entities should maintain accurate, precise, and updated records of their beneficial owners and possess supporting documents. During the state registration, legal entities should provide detailed information about beneficial owners, including:

- Personal information of beneficial owners
- The basis of capacity to influence the legal entity
- Ownership chain details of all legal entities involved
- Information regarding politically exposed persons

The State Tax Service ("STS") submits beneficiary ownership information provided during the registration process to the financial monitoring authority within 5 business days. The authority verifies the information through state queries and open-source research. If

discrepancies arise, the STS will be requested to obtain supporting documents.

Legal entities incorporated before the Amendments, should comply with the new requirements by providing beneficial ownership information according to the following deadlines:

- Large enterprises: by December 31, 2025
- Medium enterprises: by June 30, 2026
- Small enterprises: by December 31, 2026
- Micro enterprises: by December 31, 2027

The Amendments are effective as of May 15, 2025.

Minimum Investment Amount for State-Endorsed Renewable Energy Projects

On May 8, 2025, the Decision "On the approval of the minimum amount limit for electricity production projects using renewable energy sources with the state's procurement obligation" (the "Decision") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.

The minimum total investment amount for electricity production projects using renewable energy sources with the state's procurement obligation is set at AZN 30 million.

As per the 2025 changes to the Tax Code, the following tax exemptions were determined for electricity production projects using renewable energy sources with the state's procurement obligation:

- Personal Income Tax - Exempt with regard to the revenue generated from these projects
- Corporate Income Tax - Exempt on the profits earned from these projects
- VAT Exemptions - Exempt on the import of machinery, technological equipment, and installations
- Property Tax - Exempt for the assets used within these projects
- Land Tax - Exempt for the lands used within these projects

The Decision came into force on May 8, 2025.

New Advertisement Regulations have been Introduced

Amendments were made to the laws "On the Protection of Consumer Rights" and "On Advertising" on April 22, 2025.

Pursuant to the Amendments, goods requiring a license or certificate for production or sale may only be advertised with valid supporting documents. The advertisement should include the license or certificate number, issue date, and the name of issuing authority. If this cannot be

shown due to the format of advertisement, the existence of the license or certificate should be stated.

Furthermore, depending on the advertising medium, links and short numbers may be used to provide detailed product information, as long as the additional content does not contradict or undermine the completeness of the main advertisement.

The Amendments entered into force on May 22, 2025.

Amendments to the Rules for Opening, Maintenance, and Closure of Bank Accounts

On April 8, 2025, The Decision "On the amendments to the Rules for opening, maintenance, and closure of bank accounts" (the "Amendments") was adopted by the Board of the Central Bank of the Republic of Azerbaijan.

With the adoption of the Amendments, the following types have also been added to the special current accounts:

- a current account for the issuance of electronic money and the execution of payment transactions using electronic money
- a current account for the provision of other payment services not related to the issuance of electronic money or the execution of payment transactions using electronic money

According to the Amendments, resident individuals may alternatively choose to use an enhanced electronic signature and video recording as one of the available options for the purpose of opening bank accounts remotely. This option is capped at deposit transactions of up to AZN 1,000 (one thousand) or the equivalent in foreign currency within one calendar month. In order to conduct deposit transactions exceeding this limit, a video call should be made for the relevant account.

Moreover, certain resident individuals who already have a bank account may open a new account remotely at the same bank using enhanced customer authentication with an enhanced electronic signature or video recording.

The Amendments entered into force on April 22, 2025.

New Permit for Importing Machinery and Materials in Liberated Territories

On March 18, 2025, the Law "On amendments to the Law on Licenses and Permits" (the "Amendments") was adopted.

Pursuant to the Amendment, a confirmation document for the following activities has been included in the list of permits:

- The import of machinery, technological equipment, raw materials, and materials—exempt from VAT and customs duties—

by legal entities and individual entrepreneurs operating in the liberated territories

The Amendments takes effect retrospectively, starting from January 1, 2023, and will remain in force until January 1, 2033, in respect of the mentioned confirmation document.

Rules for Determining the Minimum Price for the Retail Sale of Alcoholic Beverages

On May 22, 2025, Decision "On the approval of the Rules for determining the minimum price for the retail sale of alcoholic beverages" (the "Rules") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.

For the purposes of the Rules, alcoholic beverages refer to all vodka (excluding fruit-based vodka) sold in retail establishments.

To set the minimum price, producers with:

- an annual production volume of over 60,000 decaliters
- more than 30 employees

should submit a Retail Price Calculation Form to the Ministry of Economy within 15 business days upon request. The minimum retail price is calculated as the arithmetic average of the prices submitted by producers.

In addition, if the cost of production changes by more than 5%, and at least 50% of qualifying producers submit a request, the minimum price may be revised accordingly.

Moreover, vodka production threshold for the purposes of the Rules shall be gradually increased as follows over the upcoming years:

- 80,000 decaliters for the years 2030–2031, and
- 100,000 decaliters starting from January 1, 2032

The Rules entered into force on May 22, 2025.

Contacts

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



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