



# Tax and Legal messenger

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

- New Amendments Introduced to the Administrative Offenses Code
- Amendments regarding Debtor Restrictions and Their Enforcement
- Supreme Court Ruling on Official Letters from Administrative Bodies
- Parliament Considers Amendments to the Tax Code and the Law on State Registration of Legal Entities and State Registry

## New Amendments Introduced to the Administrative Offenses Code

*Amendments were made to the Administrative Offenses Code of the Republic of Azerbaijan (the "Amendments") on April 11, 2025.*

### *New administrative sanctions related to labor protection*

#### *I. Overtime work violations*

Employers engaging employees in overtime work in violation of labor legislation requirements shall be fined in the amount ranging from AZN 500 to 1,000.

#### *II. Compulsory insurance coverage*

Employers failing to ensure compulsory insurance coverage and to enter into required insurance contracts for cases of loss of professional work capacity due to industrial accidents and occupational diseases shall be fined in the amount of AZN 5,000.

Furthermore, if an employer is held administratively liable under this circumstance, they should conclude a compulsory insurance contract within 20 calendar days in favor of the individual who should have been insured.

During this 20-day period, the employer will not face additional administrative penalties for the same offense.

### *New administrative sanctions regarding information on beneficial owners*

#### *I. Non-provision of information about the beneficial owner*

Legal entities that fail to provide information about the beneficial owner in a duly manner and at specified stages to the state registrar will be fined in the amount ranging from AZN 2,500 to 3,000.

*II. Failure to submit supporting documents*

Legal entities that do not submit supporting documents regarding the beneficial owner within the timeframe will be fined in the amount ranging from AZN 2,500 to 3,000.

*III. Failure to inform beneficial owner about the changes in the state registration details*

Failure to inform the beneficial owners about the changes in the state registration details about themselves will result in fines in the amount ranging from AZN 500 to 700.

The Amendments entered into force on May 30, 2025.

## Amendments regarding Debtor Restrictions and Their Enforcement

*Amendments were made to the Civil Procedure Code of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Enforcement" (the "Amendments") on May 16, 2025.*

The concept of a debtor has been broadened to encompass both individual debtors and, in the case of legal entities, the head of the executive body of the debtor legal entity.

Furthermore, upon the motion by the executive officer, a court ruling may be adopted to impose a temporary restriction on the right of an individual debtor or the head of the executive body of the debtor legal entity to leave the country. This ruling shall take effect immediately upon its issuance. Moreover, the filing of an appeal against this ruling will not suspend its execution.

This temporary restriction is immediately communicated through the "Electronic Court" information system to the "Electronic Enforcement" system, which then informs the relevant authorities and sends SMS notifications to the debtor's registered mobile number. Once the reasons for the restriction are resolved, the information is updated in the system, and a notification is sent to the debtor accordingly.

Amendments entered into force on June 5, 2025.

## Supreme Court Ruling on Official Letters from Administrative Bodies

*On March 13, 2025, the Ruling "On the form of an administrative act in the application of Articles 2.0.2, 57, and 59 of the Law of the Republic of Azerbaijan 'On Administrative Proceedings'" (the "Ruling") was adopted by the Administrative Board of the Supreme Court of the Republic of Azerbaijan.*

Pursuant to the Ruling, an official letter or other document from an administrative body can be considered as an administrative act, although a separate written administrative act has not been adopted. This document should be addressed to the interested persons.

It should clearly express the following:

- Authority's decision or measure
- Legal or natural persons it pertains to
- Specific issues it regulates or resolves

The Ruling was published on May 12, 2025.

## Parliament Considers Amendments to the Tax Code and the Law on State Registration of Legal Entities and State Registry

*On May 23, 2025, a Draft Law (the "Draft Law") was proposed to amend the Tax Code and the Law on State Registration of Legal Entities and State Registry.*

Pursuant to the Draft Law, any changes to constituent documents or registration details of legal entities should be submitted for state registration within 15 days of the change.

Additionally, taxpayers are required to inform the tax authority of any changes to their place of residence or tax registration information within 15 days.

Currently, a 40-day period is applicable for both procedures.

The Draft Law also encompasses new rules regarding the registration of legal entities undergoing insolvency and bankruptcy proceedings. Key points include:

- If insolvency proceedings are initiated without court involvement, an application should be submitted to the state registrar within 15 days of the debtor's decision to initiate these proceedings.
- If court involvement is required, the application should be submitted within 15 days of either the court accepting the debtor's application or the court's decision declaring insolvency.

- If insolvency proceedings do not lead to liquidation, the termination of the insolvency proceedings should be registered within 15 days after the proceedings.
- In cases where a legal entity is liquidated due to bankruptcy, the bankruptcy administrator should submit the court's liquidation decision to the state registrar within 10 days after it becomes legally binding.

## Contacts

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



Arzu Hajiyeve  
Partner, Tax & Law  
Tel: +994 (12) 490 7020  
[arzu.hajiyeve@az.ey.com](mailto:arzu.hajiyeve@az.ey.com)



Mammad Balajanov  
Director, Head of Legal, Tax & Law  
Tel: +994 (12) 490 7020  
[mammad.balajanov@az.ey.com](mailto:mammad.balajanov@az.ey.com)

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