



# Tax and Legal messenger

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

- Amendments to the Tax Code and the Law on State Registration of Legal Entities and State Registry
- Amendments regarding Liquidity Risk Management in Banks
- Amendments to the Administrative Offenses Code
- Amendments to the Law on Electricity
- Amendments to the Law on the Securities Market

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

*Amendments were made to the Tax Code of the Republic of Azerbaijan and the Law on "State Registration of Legal Entities and State Registry" (the "Amendments") on June 21, 2025.*

Pursuant to the Amendments:

- Taxpayers are required to submit an application to the tax authority within 15 business days upon taxpayer's change of location or residence.
- In the event of any changes to the information provided in the application form submitted for tax registration, the taxpayer shall notify the relevant tax authority in writing within 15 days from the date such changes occur.
- Any changes to constituent documents or registration details of legal entities shall be submitted for state registration within 15 days from the date such changes occur.

Prior to the Amendments these periods were established as 40 business days.

Furthermore, the Amendments introduced new provisions regarding the registration of legal entities undergoing insolvency and bankruptcy proceedings:

- A natural person engaged in entrepreneurial activity without establishing a legal entity shall notify the relevant tax authority in writing within 15 business days from the date of being declared bankrupt or from the date the bankruptcy proceedings are concluded.
- The insolvency process of a legal entity must be registered with the state. In the case of banks, insolvency and bankruptcy

processes are registered in accordance with the requirements of the Law of the Republic of Azerbaijan "On Banks".

- If insolvency proceedings are initiated without court involvement, an application should be submitted to the state registrar within 15 business days of the debtor's decision to initiate these proceedings.
- If court involvement is required, the application should be submitted within 15 business days of either the court accepts the debtor's application or the court's decision declaring insolvency based on the creditor's application.
- If insolvency proceedings do not lead to liquidation, the termination of the insolvency proceedings should be registered within 15 business days after the termination.
- 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 business days after it becomes legally binding.

The Amendments came into force on July 21, 2025.

## Amendments regarding Liquidity Risk Management in Banks

*Amendments were made to the "Rule on Liquidity Risk Management in Banks" (the "Amendments") on July 7, 2025.*

The Amendments introduce new requirements for assessing the liquidity position of banks. Specifically, the Liquidity Coverage Ratio (LCR) must now be calculated both on a total basis and in national currency. Furthermore, starting from August 1, 2025:

- Systemically important banks must maintain a minimum LCR in national currency of 50%, gradually increasing to 100% by June 1, 2027.
- All other banks must start at 40%, reaching 100% by December 1, 2027.

In addition, the scope of assets that qualify as High-Quality Liquid Assets (HQLA) has been expanded. Banks can now include the following as HQLA:

- Precious metals (bank metals),
- Securities issued by government-guaranteed financial institutions,
- Overnight deposits,
- Short-term funds deposited with the Central Bank.

The Amendments will serve to establish a more flexible mechanism for measuring and managing liquidity risks, as well as to enable a more optimal forecasting of the distribution of liquid assets between national and foreign currencies in banks, and to support the formation of a more stable liquidity position in the national currency.

Amendments will enter into force on August 1, 2025.

## Amendments to the Administrative Offenses Code

*On June 24, 2025, amendments were made to the Code of Administrative Offenses of the Republic of Azerbaijan ("Amendments").*

According to the Amendments, a decision to impose an administrative penalty must be uploaded to electronic cabinet within 24 hours.

If the relevant decision and accompanying materials are not uploaded to electronic cabinet within the 24-hour period, persons cannot be held administratively liable. However, foreigners or stateless persons are not entitled to benefit from this legal safeguard.

The Amendments came into force on July 19, 2025.

## Amendments to the Law on Electricity

*On July 8, 2025, amendments were made to the Law of the Republic of Azerbaijan "On the Electricity" (the "Amendments").*

As a result of the Amendments, the concept of a "fixed tariff" was introduced into the legislation. According to the new provision, a fixed tariff is a monthly tariff component determined by the regulatory authority and applied to each consumer, regardless of the level of electricity consumption, in order to cover fixed-type costs.

Electricity supplier is required to issue a monthly bill to the consumer regarding the fixed tariff.

The Amendments came into force on July 28, 2025.

## Amendments to the Law on the Securities Market

*On June 21, 2025, amendments were made to the Law of the Republic of Azerbaijan "On the Securities Market" ("Amendments").*

According to the amendments, joint-stock companies fully owned by the state ("state-owned JSCs") are no longer exempt from including information about the underwriter and the terms of issuance in the issuance decision when issuing investment securities through a public offering.

Moreover, subsequent share issuances by state-owned JSCs shall now also be registered under a simplified procedure in certain cases. Specifically, if the shares are to be acquired solely by state authorities or other state-owned JSCs, the simplified registration procedure shall be applied to these subsequent issuances. In this case, the issuer is only required to submit:

- an application for the registration of investment securities,
- the resolution on the issuance (excluding information on the underwriter, the terms of issuance, placement procedure and period),
- certified copies of documents related to legal registration, such as the certificate of state registration, an extract from the state register, and the company's charter.

The Amendments came into force on July 8, 2025.

## Contacts

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



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