



Tax and Legal messenger

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

- New Law on Private Enforcement Officers
- Amendments to the Mortgage Regulations and Their Tax Implications
- Amendments to Consumer Credit Card Regulations by the Central Bank
- "Digital State Finance" Information System is Established

New Law on Private Enforcement Officers

On July 14, 2025, the Law of the Republic of Azerbaijan "On Private enforcement officers" (the "Law") was adopted.

By the adoption of the new Law, a new concept - private enforcement practice is introduced in Azerbaijan. According to the Law, private enforcement officers are certified individuals who are responsible for executing court orders and legal documents, operating independently without being classified as state representatives or entrepreneurs.

As part of this legal framework, the state regulates their operations by providing training and maintaining a registry, while a self-governing body, the Chamber of Private Enforcement Officers, oversees their professional conduct and ethical standards. Candidates should hold a higher education degree and except for scientific, pedagogical, or creative work, are prohibited from engaging in other professional activities to maintain impartiality.

The Law is set to take effect on January 1, 2026.

Amendments to the Mortgage Regulations and Their Tax Implications

Amendments were made to the Civil Code of the Republic of Azerbaijan, the Law on Mortgage and Tax Code of the Republic of Azerbaijan (the "Amendments") on July 14, 2025.

Based on the Amendments, the following details related to the sale of mortgaged property without court involvement must now be determined by a notarized agreement after the parties' right to enforce the mortgage has arisen:

- Method of sale
- The individual or entity responsible for conducting the sale
- The rules for holding auctions, including procedures if an auction does not take place
- The rights and obligations of both parties involved
- The price at which the property will be sold

Prior to the Amendments, these elements were mandatory provisions that had to be included for a mortgage contract to be concluded.

Pursuant to the Amendments, when the real estate of an individual entrepreneur is under a restraining order or encumbered with a mortgage and subsequently acquired by the creditor (mortgage holder), the individual entrepreneur is required to:

- Calculate simplified tax amount
- Proceed with the payment of the calculated tax to the state budget no later than the 20th of the month following the reporting period
- Submit a declaration to the tax authorities using the form approved by the relevant executive authority

The Amendments came into force on August 1, 2025.

Amendments to Consumer Credit Card Regulations by the Central Bank

Amendments were made to the "Rules for the classification of assets and the creation of special reserves for possible losses," the "Rules on prudential norms and requirements related to credit risks," and the "Rules for the calculation of bank capital and its adequacy" of the Central Bank of the Republic of Azerbaijan (the "Amendments") on July 15, 2025.

The Amendments limit credit card borrowing to a maximum of five times the borrower's net after-tax income, with calculations factoring in existing liabilities to other credit institutions.

Additionally, overdraft limits are now included in the definition of credit lines. A credit conversion ratio of 40% has been established for consumer credit cards, with a 100% risk rate applied to off-balance credit lines.

These measures aim to align lending practices with consumers' repayment capacities while ensuring the stability of the banking system.

The Amendments entered into force on July 26, 2025.

"Digital State Finance" Information System is Established

On August 25, 2025, Decree of the President of the Republic of Azerbaijan "On Additional measures related to the organization of efficient management of state finance" (the "Decree") was issued.

“Digital State Finance” is created for the effective management of areas related to the activities of the Ministry of Finance including, budget, taxes, customs duties, state duties, dividend payments by state-owned companies, state financial control, treasury operations, as well as state debt management.

The Decree entered into force on August 25, 2025.

Contacts

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



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