

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 regarding Industrial Parks
- Amendments to the Criminal Code
- "Invest in Azerbaijan" Information System was Introduced
- Amendments to the Criteria for the Classification of Micro, Small, Medium and Large Business Entities
- A new functionality has been introduced in the "Labor and Employment" subsystem (EMAS)
- Digitalization of Import-Export, Transit, Transport, and Logistics Activities
- "Reliable Partnership Concept" has been Approved
- Amendments to the List of Licenses and Permits for which Information must be sent to the Tax Authorities and the State Customs Committee regarding Their Issuance, Suspension, Renewal, or Revocation

Amendments to the Tax Code regarding Industrial Parks

Amendments were made to the Tax Code of the Republic of Azerbaijan (the "Amendments") on October 24, 2025.

According to the Amendments, starting from January 1, 2025, residents of industrial parks, engaged in certain activities determined by the President of the Republic of Azerbaijan, shall be exempt for a period of 6 years from the following taxes related to those activities:

- Profit tax
- Property tax
- Land tax

The Amendments came into force on November 13, 2025.

Amendments to the Criminal Code

On October 31, 2025, the Law of the Republic of Azerbaijan "On the amendments to the Criminal Code of the Republic of Azerbaijan" (the "Amendments") was adopted.

According to the Amendments, Article 199 of the Criminal Code has been amended. The amendment expands the scope of competition restrictions and addresses violations of competition legislation, specifically focusing on the formation of agreements that restrict competition and the abuse of a dominant market position. New monetary thresholds are introduced for the purposes of Article 199 of the Criminal Code. The thresholds are defined as follows:

- Significant amount - AZN 200,001- 500,000
- Substantial amount - AZN 500,001 - 1 million
- Particularly substantial amount - over AZN 1 million

Amendments came into force on November 28, 2025.

"Invest in Azerbaijan" Information System was Introduced

On November 6, 2025, the Decree "On the establishment of the "Invest in Azerbaijan" information system and regulation of a number of related matters" (the "Decree") was adopted by the President of the Republic of Azerbaijan.

According to the Decree, the "Invest in Azerbaijan" information system (hereinafter - the "System") has been established. The System enables investors to submit applications electronically and aims to provide access to all information necessary for carrying out investment activities in the Republic of Azerbaijan, including information on the investment environment and projects, existing requirements, as well as incentives and concessions.

As per Regulation for the System approved by the Decree, the functions of the System's owner are carried out by the Ministry of Economy, while the functions of the System's operator are performed by the Export and Investment Promotion Agency of the Republic of Azerbaijan (AZPROMO).

The Decree entered into force on November 6, 2025.

Amendments to the Criteria for the Classification of Micro, Small, Medium and Large Business Entities

On November 3, 2025, the Decision "On the amendments to the Decision on the approval of the criteria for the classification of micro, small, medium, and large business entities" (the "Amendments") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.

According to the Amendments, classification of entrepreneurs as micro, small, medium, or large business entities is determined by the Ministry of Economy for the completed reporting year, based on the information submitted by the Ministry of Labor and Social Protection of the Population and data entered into the register by the State Tax Service under the Ministry of Economy concerning those business entities.

Additionally, for tax purposes, any tax incentives and exemptions established by tax legislation are applied based on the indicators of the completed reporting year that determine the business entity's classification.

Pursuant to the Amendments if the criterion indicators of business entities do not change during the reporting year, the classification of those entities based on the criteria determined for the previous year remains in force. It should be noted that this rule does not apply in respect of newly established and liquidated entities.

The Amendments came into force on November 3, 2025.

A new functionality has been introduced in the "Labor and Employment" subsystem (EMAS)

On October 27, 2025, a new functionality was introduced in the "Labor and Employment" subsystem (EMAS) of the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan.

According to this new functionality, employers will be able to electronically sign not only employment contracts, but also full material responsibility agreements, information technology security agreements, commitment contracts, and other supplementary documents.

Digitalization of Import-Export, Transit, Transport, and Logistics Activities

On December 15, 2025, the Decree "On additional measures related to the digitalization of import-export, transit, transport, and logistics activities" (the "Decree") was adopted by the President of the Republic of Azerbaijan.

According to the Decree, "One stop Shop" information system (the "Digital Logistics Platform" (hereinafter - the "DLP")) has been established. The DLP is an innovative solution designed to function as a one-stop shop for managing import, export, and transit operations.

The DLP enables the following:

- submission of required documents, including commercial and transport documents
- electronic preparation of required documents and information related to vehicles and transported goods
- provision of information on border-crossing procedures, transportation rules and conditions, as well as receipt and response to users' inquiries
- electronic conclusion of cargo transportation contracts, as well as submission of concluded contracts
- tracking of transported cargo throughout the entire transportation route
- making payments and obtaining statistical data related to this activity

According to the Decree, the functions of the system owner are carried out by the Cabinet of Ministers of the Republic of Azerbaijan, while the functions of the operator are carried out by the Ministry of Digital Development and Transport.

Decree came into force on December 15, 2025.

“Reliable Partnership Concept” has been Approved

On December 5, 2025, the Order “On the approval of the “Reliable Partner Concept” (the “Concept”) was issued by the President of the Republic of Azerbaijan.

The Concept aims to align state and business interests by focusing on promoting secure and simplified trade, increasing the efficiency and transparency of state support mechanisms for entrepreneurship, as well as ensuring the sustainable development of the economy.

The following target indicators have also been specified in the Concept:

- Expanding the use of the “Green Corridor” clearance system by covering it with the authorized economic operator status and increasing the number of authorized economic operators
- Aligning customs warehouses and customs representation with global challenges
- Creating a favorable environment and reliable trade conditions for the development of business entities
- Increasing the simplification mechanisms provided by customs authorities to business entities
- Actively involving relevant state bodies (institutions) in building a reliable partnership system
- Bringing the operation mechanism of the “state - entrepreneur - consumer” chain to a convenient and simplified level
- Forming new regulatory mechanisms in customs-business cooperation through the application of international standards
- Promoting the principle of business integrity and expanding opportunities for self-assessment by business entities
- Strengthening security measures along the trade-supply chain
- Using “Green Technologies” in the digitalization of decision-making processes in the customs field and in the implementation of digital customs procedures

The Concept entered into force on December 5, 2025.

Amendments to the List of Licenses and Permits for which Information must be sent to the Tax Authorities and the State Customs Committee regarding Their Issuance, Suspension, Renewal, or Revocation

On November 28, 2025, Amendments were made to the Decisions of the Cabinet of Ministers of the Republic of Azerbaijan (“Amendments”) “On the approval of the List of permits for which information must be sent to the tax authorities regarding their issuance, suspension, renewal, or revocation” and “On the approval of the List of licenses and permits for which information must be sent to the State Customs Committee of the Republic of Azerbaijan regarding their issuance, suspension, renewal, or revocation” (hereinafter - the “List”).

According to the Amendments, the List has been expanded to include a document certifying the import of machinery, technological equipment and installations, raw materials and supplies by legal entities and individuals engaged in entrepreneurial activity without establishing a legal entity, for use in the economic activities exempt from VAT and customs duties in the territories liberated from occupation.

In addition, the Amendments apply to this document retroactively from January 1, 2023, and will remain in force until January 1, 2033.

The Amendments came into force on December 1, 2025.

Contacts

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



Arzu Hajiyeva
Partner, Tax & Law
Tel: +994 (12) 490 7020
arzu.hajiyeva@az.ey.com



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

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2025 Ernst & Young Holdings (CIS) B.V. All Rights Reserved.

ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com/az