



Tax and Legal messenger

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

- New Rules on Budget Monitoring and Dividend Policy for State Enterprises
- Suspension of Inspections in the field of Entrepreneurship
- Amendments to the Rules on Mandatory Insurance
- The Subsistence Minimum for 2026
- Regulation of Electronic Competition Information System was Approved
- Amendments to the Tax Code on the Submission of Information and Documents to Financial Institutions
- Regulation of Digital Public Finance Information System was Approved

New Rules on Budget Monitoring and Dividend Policy for State Enterprises

On December 29, 2025, the President of the Republic of Azerbaijan signed a Decree approving the Rules "On the Monitoring of the Implementation Status and Analysis of Performance Indicators of Annual and Medium-Term Budget Drafts and Forecasts, as well as Revenue and Expenditure Estimates, of Legal Entities Owned by the State and Legal Entities whose Controlling Stake (Shares) Is Owned by the State, and of Public Legal Entities", and the Rules "On the Distribution of Net Profit and the General Parameters of the Dividend Policy of Legal Entities Owned by the State and Legal Entities Whose Controlling Stake (Shares) Is Owned by the State, and of Public Legal Entities" (the "Rules").

The Rules regulate the legal and organizational matters related to control mechanisms for the distribution of state enterprises' net profit, including dividend payments to the state budget. Pursuant to the new Rules, state enterprises shall distribute not less than thirty percent (30%) of their net profit as dividends. Notwithstanding the foregoing, prior to the payment of dividends, the following matters shall be taken into consideration:

- The net profit of state enterprises shall be directed, first and foremost, to the repayment of the principal and interest liabilities, both for the current year and any accumulated, unpaid amounts from previous years, owed to the state budget and/or to the Guarantee Fund for Obligations relating to Public Debt and State Guarantees.
- If the net profit of legal entities owned by the state and legal entities whose controlling stake (shares) is owned by the state for the reporting year is less than AZN 100,000 (one hundred thousand), or if the net profit of public legal entities established by the state is less than AZN 20,000 (twenty thousand), no dividends shall be calculated for transfer to the state budget.

According to the Rules, upon the implementation by a state enterprise of strategic projects pertaining to the country's socio-economic

development, the granting of any full or partial exemption from the obligation to pay dividends to the state budget out of such enterprise's net profit for the relevant period shall be determined by the President of the Republic of Azerbaijan.

These Rules do not apply to state-owned enterprises whose shares are listed on leading stock exchanges outside the Republic of Azerbaijan.

In addition, the Rules establish following obligations for state enterprises, requiring them to:

- Submit the reports specified in the Rules to the Ministry of Finance in the form determined by the Ministry, starting from April 1, 2026
- Submit to the Ministry of Finance, by April 30, 2026, their financial statements for the years 2023-2025 (where the preparation of financial statements is mandatory in accordance with the law), as well as their approved budgets for 2026.

The reports stipulated by the Rules shall be submitted within the following timeframes:

- budget drafts and forecasts - by July 1 of the current year
- budget - by December 31 of the current year
- amended budget (indicating the reason for the amendment) - within 10 (ten) days after its approval
- information on cash flows - by the 15th day of the month following the end of each month
- quarterly information on financial position and financial performance - by the 20th day of the month following the end of each quarter
- a report on the distribution of net profit of state enterprises - by August 15 of the current year
- information on the liabilities of state enterprises, including debt obligations secured by a state guarantee - by the 10th day of the month following the end of each month

The Decree entered into force on December 29, 2025.

Suspension of Inspections in the field of Entrepreneurship

On February 9, 2026, the Law of the Republic of Azerbaijan on the Amendments to the Law "On the Suspension of Inspections Conducted in the Field of Entrepreneurship" ("Law") was adopted.

Pursuant to the Law, the entrepreneurship inspections are suspended until January 1, 2027.

The Law entered into force on January 1, 2026.

Amendments to the Rules on Mandatory Insurance

On December 29, 2025, amendments (the "Amendments") were made to the Law of the Republic of Azerbaijan "On Mandatory Insurance against Loss of Occupational Working Capacity as a Result of Industrial Accidents and Occupational Diseases".

Pursuant to the Amendments, persons employed by the entities listed below, as well as students and pupils undergoing industrial practice (training), and volunteers participating in voluntary activities, are subject to mandatory insurance through the State Social Protection Fund:

- State authorities
- Municipalities
- Legal entities owned by the state or municipalities, or legal entities in which the controlling stake (shares) is owned by the state or municipalities
- Public legal entities established on behalf of the state
- Budgetary organizations

Individuals employed by other insured parties, sole entrepreneurs, or those who independently engage in labor activities shall be subject to compulsory insurance with local insurance companies.

The Amendments entered into force on January 1, 2026.

The Subsistence Minimum for 2026

On December 9, 2025, Law "On the Subsistence Minimum for 2026 in the Republic of Azerbaijan" was adopted (the "Law").

Pursuant to the Law, the monthly subsistence minimum for 2026 was set at AZN 300 nationwide, AZN 317 for the working-age population, AZN 245 for pensioners, and AZN 260 for children.

The Law came into force on January 1, 2026.

Regulation of Electronic Competition Information System was Approved

On January 26, 2026, the Decree "On the approval of the Regulation on the Electronic Competition Information System (the "Decree") was signed by the President of the Republic of Azerbaijan.

The Electronic Competition Information System (hereinafter - "ECIS") is designed to ensure the electronic management of applications and information in the fields of competition and consumer rights protection, support the digitalization and automation of regulatory, supervisory, analytical, and reporting processes, and enhance the accessibility, transparency, and efficiency of the services provided.

Furthermore, the Regulation regulates the infrastructure of ERIS, its subsystems, the data being entered and transmitted, the rules for using the system, as well as the responsibilities and rights of the owner, the operator, and the participants, along with the rights of the users.

The Decree entered into force on January 26, 2026.

Amendments to the Tax Code on the Submission of Information and Documents to Financial Institutions

On December 30, 2025, the Law of the Republic of Azerbaijan "On the amendments to the Tax Code of the Republic of Azerbaijan" (the "Amendments") was adopted.

According to the Amendments, new provisions to the Article 76-1 of the Tax Code have been added. Pursuant to the Amendments, when financial institutions open accounts for or provide financial services to individuals and legal entities, the information and documents necessary to determine the person's residency status must be provided by these individuals or legal entities. In addition, any change affecting a person's residency status must be reported to the financial institution within 30 days.

Furthermore, as per Amendments, failure to comply with the above-mentioned reporting requirements may result in administrative responsibility.

Pursuant to the Law of the Republic of Azerbaijan "On the amendments to the Administrative Code of the Republic of Azerbaijan" dated December 30, 2025, the penalties for non-compliance are as follows:

- 300 AZN for individuals
- 1000 AZN for legal entities

The amendments came into force on January 01, 2026.

Regulation of "Digital Public Finance" Information System was Approved

On January 26, 2026, the Decree "On the approval of the regulation of "Digital Public Finance" Information System (the "Decree") was signed by the President of the Republic of Azerbaijan.

As per Decree "Digital Public Finance" Information System ("DPFIS") ensures the efficiency, effectiveness, and transparency of the activities of the Ministry of Finance of the Republic of Azerbaijan, as well as its systematic organization and accessibility of the services provided, and the data stored within DPFIS.

The purpose of establishing DPFIS is to optimize public financial management by analyzing and ensuring the accuracy of data across the Ministry of Finance's areas of activity (including budget, taxation, customs, state duties, dividends, audit, accounting, public financial control, treasury, public debt, etc.), as well as to conduct analytical assessments, prepare forecasts and reports, and improve the quality of services. Ministry of Finance performs owner and operator functions of DPFIS.

Furthermore, the Regulation regulates the infrastructure of DPFIS, its subsystems, the data being transmitted, the rules for using the system, as well as the responsibilities and rights of the owner, the operator, and the participants, along with the rights of the users.

The Decree entered into force on January 26, 2026.

Contacts

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



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