



Tax and Legal messenger

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

- Amendments to the Law on Investment Activity and the Law on Acquisition of Land for State Needs
- Amendments to the Law on State Registration of Legal Entities and State Registry
- Amendments to the Tax Code
- Amendments to the Labor Code
- Rules on the Refund of Administrative Fines
- Amendments to the Law On Patents

Amendments to the Law on Investment Activity and the Law on Acquisition of Land for State Needs

On 24 February 2026, the Law of the Republic of Azerbaijan on Amendments to the Law "On Investment Activity" was adopted.

Pursuant to the amendments, the state may take or nationalize strategically significant investments not only for state needs, but also to prevent exceptional situations deemed harmful to the interests of the Azerbaijani state and people or contrary to national interests. A newly added provision stipulates that such cases shall not be regarded as discrimination. Compensation shall be paid according to the investment agreement; where such a procedure is not provided, compensation will be determined on the basis of fair market value.

The Amendments entered into force on 5 March 2026.

Furthermore, on 27 February 2026, amendments were made to the Law of the Republic of Azerbaijan "On the Acquisition of Land for State Needs."

According to the amendments, the list of state needs that justify the acquisition of land has been expanded to include "the expansion of state-owned airports and/or aerodromes, or the construction of new airports and/or aerodromes."

The Amendments entered into force on 13 March 2026.

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

On 30 December 2025, amendments were made to the Law on "State Registration and State Registry of Legal Entities" (the "Amendments").

Pursuant to the Amendments, commercial legal entities, as well as the representative offices or branches of foreign commercial legal entities, shall submit a report (in paper or electronic form), no later than 31 January following the end of the calendar year, to the State Tax Service in the format prescribed by the Ministry of Economy of the Republic of Azerbaijan, indicating whether any changes have been made to their constituent documents or to the registered facts. Importantly, this reporting obligation applies regardless of whether any changes have occurred.

The Amendments entered into force on 9 February 2026.

Amendments to the Tax Code

On 13 February 2026, amendments were made to the Tax Code of the Republic of Azerbaijan (the "Amendments").

Tax registration of non-residents engaged in electronic commerce

Pursuant to the Amendments, a procedure has been established for the mandatory and voluntary tax registration of non-residents (excluding permanent establishments) who conduct electronic commerce via an internet information resource, derive income from the provision of works and services through electronic commerce, and have purchasers who are not registered with the tax authorities in the Republic of Azerbaijan:

- *Mandatory tax registration:* If, during a calendar year, the income derived by a non-resident from works and services provided through electronic commerce to purchasers located in Azerbaijan exceeds the manat equivalent of USD 10,000, such non-resident shall be required to register electronically with the tax authority within 30 days from the date this threshold is exceeded.
- *Voluntary tax registration:* If the turnover is below the manat equivalent of USD 10,000, the non-resident may register electronically for tax purposes on a voluntary basis.

For the purposes of this amendment, the following are not treated as services provided through electronic commerce:

- consulting, legal, financial, accounting, design, and engineering services provided via e-mail or other interactive means of communication;
- teaching and training services provided in real time via the internet;
- services for the online ordering of tickets for events in science, education, culture, sports and entertainment.

Non-residents registered for tax purposes under this procedure are obligated to remit VAT to the state budget for each reporting period no later than the last day of the month following the reporting period.

The procedure for the electronic tax registration, re-registration, and deregistration of a non-resident (excluding permanent establishments) that conducts electronic commerce via an internet information resource and derives income from the provision of works and services through electronic commerce to persons who are not registered with the tax authorities in the Republic of Azerbaijan, as well as the procedure for registration as a VAT payer, submission of the VAT return, and payment of VAT, shall be determined by the Cabinet of Ministers of the Republic of Azerbaijan.

These Amendments will enter into force on 23 August 2026.

Submission of registered data of the state bodies

- When state authorities (bodies), legal entities owned by the state or in which a controlling stake is held by the state, as well as public legal entities established on behalf of the state, are registered with the tax authority, reorganized, or deregistered, information thereon (including the taxpayer's name, taxpayer identification number (TIN), and accounts) shall be submitted electronically by the tax authority to the Ministry of Finance of the Republic of Azerbaijan by the 15th day of the following month.
- Where a registered bank account belongs to the above-mentioned entities, information on such accounts shall be sent electronically by the tax authority to the Ministry of Finance of the Republic of Azerbaijan within one business day following the day on which the relevant information is received by the tax authority from persons conducting banking operations.

These Amendments entered into force on 1 April 2026.

Amendments to the Labor Code

On 27 February 2026, amendments were made to the Labor Code of the Republic of Azerbaijan (the "Amendments").

According to the Amendments, the social insurance number has been removed from the list of essential terms and information to be included in employment contracts. Accordingly, employers are no longer required to include this information in the employment contract.

The Amendments will enter into force on 01 July 2026.

Rules on the Refund of Administrative Fines

On 10 March 2026, the "Rules on the Refund of Administrative Fines" (the "Rules") were approved by the Cabinet of Ministers of the Republic of Azerbaijan.

The Rules determine the procedure for the refund of administrative fines that have been overpaid, and were incorrectly applied, or mistakenly paid (including the relevant calculated late payment interest).

In addition, the Rules also include the application and opinion forms regarding the refund of administrative fines that have been overpaid, incorrectly applied, or mistakenly paid.

The Rules also establish the grounds and timelines for the refund of overpaid administrative fines.

The Rules entered into force on 10 March 2026.

Amendments to the Law on Patents

On 10 February 2026, the Law of the Republic of Azerbaijan on Amendments to the Law "On Patents" (the "Amendments") was adopted.

Pursuant to the Amendments, the payment of remuneration to an author (employee) who creates an invention, utility model, or industrial design while performing duties under an employer's written assignment has been regulated. Accordingly, the author is entitled to receive, as a royalty, not less than 50% of the funds remaining after deducting the employer's costs incurred for obtaining the patent and maintaining it in force up to the date the patent-generated income is received, while the remaining part is distributed among the relevant structural units of the employer in which the invention, utility model, or industrial design was created and is also directed toward the development of innovative activities.

If the employer decides not to maintain the validity of a patent obtained for an invention, utility model, or industrial design, the author(s) may demand the transfer to them of the exclusive right under the agreement on the assignment of authors' rights. If the transfer of exclusive rights would result in a breach of the employer's obligations under agreements concluded with foreign legal or natural persons, the employer may refuse to transfer such rights.

The Amendments entered into force on 31 March 2026.

Contacts

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



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