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Tax and Legal Messenger

An up-to-the-minute guide to developments in the legislation of the Republic of Azerbaijan

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

- Constitutional Court Decision: Exit Restrictions for Tax Liability Apply to Heads of Foreign Entities' Branches /Representative Offices
- Amendments to the Criteria for Assessing whether a Person Is Considered a Highly Skilled Migrant
- Decree on Improving Activities in the Field of Subsoil Use

Constitutional Court Decision: Exit Restrictions for Tax Liability also Apply to Heads of Foreign Entities' Branches/Representative Offices

On March 31, 2026, the decision of the Plenum of the Constitutional Court of the Republic of Azerbaijan "On the interpretation of the concept of "head of the executive body of a legal entity" under Article 23.1.15-3 of the Tax Code of the Republic of Azerbaijan and Article 355-5.1 of the Civil Procedure Code of the Republic of Azerbaijan in light of the requirements of Article 73 of the Constitution of the Republic of Azerbaijan" (the "Decision") was adopted.

The Decision is of practical importance in the context of temporary restrictions on leaving the country imposed due to outstanding tax debts, as it provides an expanded interpretation of the term "head of the executive body of a legal entity". Prior to this clarification, the wording of the relevant provisions, referring to individuals who are taxpayers and/or heads of the executive body of legal entities, had given rise to differing approaches in practice, particularly regarding how the relevant "legal entity" concepts should be applied for the purposes of imposing travel restrictions.

Following the Constitutional Court's interpretation, heads of branches and representative offices of foreign legal entities operating in the Republic of Azerbaijan also falls within the scope of these provisions. Consequently, their right to leave the country may be temporarily restricted by a court decision in cases of outstanding liabilities relating to taxes, state social insurance contributions, compulsory medical insurance contributions, and unemployment insurance contributions.

The Decision entered into force on 11 April 2026.

Amendments to the Criteria for Assessing Whether a Person is Considered a Highly Skilled Migrant

On 6 April 2026, a decision on “Amending the Decision of the Cabinet of Ministers of the Republic of Azerbaijan No. 99 dated 3 April 2025 “On the approval of the ‘Rules for Assessing Whether a Person is Considered a Highly Skilled Migrant’ and the ‘Criteria for Assessing Whether a Person is Considered a Highly Skilled Migrant’” (the “Amendments”) was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.

Under Amendments, when assessing a person’s professional experience in their field of specialization, the maximum score that may be awarded has been increased from 35 points to 55 points. It should be noted that currently 55 points encompasses education that separately no longer appear in the list.

The score thresholds relating to a person’s alignment with the country’s socio-economic development priorities, financial security, and positive impact on the domestic labor market remain unchanged.

The Amendments entered into force on 17 April 2026.

Decree on Improving Activities in the Field of Subsoil Use

On 20 April 2026, the Decree of the President of the Republic of Azerbaijan “On Improving Activities in the Field of Subsoil Use (excluding activities in the oil and gas sector)” (the “Decree”) was issued.

Under the Decree, starting from 1 August 2027, the following processes in the field of subsoil use (excluding activities in the oil and gas sector) shall be carried out through the “Digital Ecology” information system based on the “one-stop-shop” principle:

- granting of the right to use subsoil;
- conducting state expert examinations of subsoil areas;
- submission of reports by subsoil users;
- obtaining opinions from relevant state authorities regarding the commissioning of subsoil for use, as well as obtaining written consents from landowners and land users;
- acceptance of documents related to auctions (auctions and tenders) and, during their conduct, the classification of land into categories, changes to land categories or designated purposes, and other related processes.

The Decree entered into force on 20 April 2026.

Contacts

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

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