



## **ALAT FREE ECONOMIC ZONE**

Under Law No 550-VIQD, dated 22 June and effective 17 July 2022, the following amendments among others are introduced to the regime of the Alat Free Economic Zone approved into Law of Alat Free Economic Zone of May 2018. The regime is otherwise known for ringfencing the Zone and the regulation within from applicability of the laws of the Republic, the principal economy. At the same time, coming into effect of selected provisions of the Law remains pending promulgation by the Zone authority of the relevant internal rules:

- previously, a resident of the Zone was any individuals residing there; now, except as the Zone administration determines otherwise, the residents are individuals not engaging in business holding a permit to reside in the Zone
- a taxpayer of the principal economy has been defined as a taxpayer established under the laws of the principal economy and operating in both the principal economy and the Zone whose operations are governed by the laws of the principal economy
- the Zone administration has been recognised the right to make transactions, acquire and exercise property and intangible rights, and act in courts as a claimant and defendant
- the following laws of the principal economy will apply in the Zone: (i) criminal law and (ii) anti-money laundering and counter-financing terrorism (combating legalisation of criminally obtained funds and other property and financing terrorism)
- the Zone administration, the Zone administrative enterprises, and, in the cases prescribed by the Zone administration, the Zone entities operating in the Zone are exempt from the Zone taxes in relation to their operations in the Zone
- the supply of goods, work, and services between the principal economy and the Zone will now be considered their export and import, respectively
- income taxation is governed by the Zone rules and, to the extent permitted under such rules, the rules of the principal economy
- no taxes are withheld for the supplies from the taxpayers of the principal economy to the Zone administration, Zone administrative enterprises, and Zone entities
- except for customs processing fees, no customs charges, including customs duty and taxes, apply to goods and transport imported into and exported from the Zone by the Zone administration, Zone administrative enterprises, and Zone entities; the same actions *vis-à-vis* the Zone by the taxpayers of the principal economy are subject to the laws of the principal economy

- civil, commercial, employment, and administrative disputes are no longer listed among the disputes subject to the exclusive competence of the Zone’s dispute resolution bodies

**PLEASE CONTACT US FOR ANY QUESTIONS AND FURTHER  
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