

GOVERNMENT WAIVES RENT ON LEASED STATE PROPERTY

Under Resolution No 280, dated 5 August 2020, of the Cabinet of Ministers, the following documents approved, according to the Action Plan adopted by the Cabinet of Ministers on 4 April 2020 following implementation of Sub-Section 10.2 of Instructive Order No 1950, dated 19 March 2020, of the Present of the Republic of Azerbaijan concerning COVID-19 pandemic, by the Cabinet of Ministers are amended:

- Regulations of Regulated Price of State Land Plots where Privatised State Enterprises and Facilities as well as Enterprises and Facilities Developed by Entities and Individuals Are Located;
- Resolution on Establishing Lower Threshold Amount of Rent of State- and Municipality-Owned Land; and
- Resolution on Approving Minimum Amount of Rent for Leased State Property (Excluding Residential Areas).

Under the amendments,

- rent under the Regulations in relation to entities (excluding those entities controlling stake in which belongs to the state) and sole proprietors active in the sectors adversely affected by the COVID-19 pandemic,
- rent under the Resolution on Establishing Lower Threshold Amount of Rent of State- and Municipality-Owned Land in relation to entities (excluding those entities controlling stake in which belongs to the state) and sole proprietors (including participants of industrial quarters from the same category) active in the sectors adversely affected by the COVID-19 pandemic, and
- rent under the Resolution on Approving Minimum Amount of Rent for Leased State Property in relation to entities (excluding those entities controlling stake in which belongs to the state) and sole proprietors (including participants of industrial quarters from the same category) active in the sectors adversely affected by the COVID-19 pandemic

are not assessed during the period between 1 April 2020 and 1 January 2021.

While the sectors adversely affected by the COVID-19 pandemic do not appear to have been defined, these resources are available: <https://vergiler.az/news/economy/8214.html> and https://www.e-taxes.gov.az/new/downloads/Fealiyyet_kodlari_pandemiya_yeni.xlsx.

CRITERIA OF NONCOMPLIANT TAXPAYERS AND NONCOMPLIANT TRANSACTIONS

To implement Decree of the President applying Law No 1704-VQD, dated 29 November 2019, on amending the Tax Code of the Republic of Azerbaijan, Criteria of Noncompliant (Risky) Taxpayer as well as of Noncompliant (Risky) Transactions are approved by Resolution No 265, dated 28 July 2020, of the Cabinet of Ministers of the Republic of Azerbaijan.

Under definitions introduced into the Tax Code by Law 1704-VQD, a noncompliant taxpayer is considered a person conducting transactions without a commodity (supply) and (or) noncompliant transactions.

A transaction without a commodity is a transaction documented with the purpose to derive profit discovered during a tax control measure, conducted to disguise another transaction, and lacking any physical supplies of goods, work, and services.

Under the Resolution, a taxpayer meeting at least one of the following criteria is considered noncompliant:

- absent registration with a tax office of a facility, or upon a mismatch between an area of a facility so registered and the volume of imported and acquired goods, of an importer, manufacturer, and person who conducts trade without being an importer (excluding cases of goods being delivered based on orders for other persons and delivered directly to customers and data of amount of order in relation to each customer reported to a tax office);
- upon discovery during a tax control of an undocumented supply of goods not corresponding to the line of business of a taxpayer (excluding office supplies, inventory, and other similar assets acquired by the taxpayer for use in own business);
- upon an excess by at least three times of volume of goods imported or acquired by a taxpayer in the last six months for resale over its turnover for the relevant period (depending on seasonality of goods of the taxpayer and excluding cases of them having been ordered in advance and agreed to be delivered in a certain time period);
- an entity whose chief executive officer or founder is, under the criteria above, an incompliant taxpayer individual;
- an entity founded or whose chief executive officer is an entity whose chief executive officer or founder is, under the criteria above, noncompliant; and
- individuals who are chief executive officers of more than five entities and entities whose chief executive officers are these individuals.

As for transactions, the following are considered noncompliant:

- upon discovery of indicating in submitted electronic waybill-invoices of assortments of goods mismatching the acquired or imported assortments of goods; and
- upon discovery of supply of goods in volumes exceeding the volume of goods acquired or imported by taxpayers (in relation to the goods supplied in excess).

Data in relation to noncompliant taxpayers are published (presently, unavailable) through an official Internet site of the State Tax Service under the Ministry of Economy of the Republic of Azerbaijan.

PLEASE CONTACT US FOR ANY QUESTIONS AND FURTHER INFORMATION AT:

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