

## **CORPORATE RECORDATION, E-GOVERNMENT, TAX RETURNS AND IMPORTS**

### **Liability for Failure to Maintain Corporate Records Up-To-Date**

As of 4 February 2014, amendments to the Administrative Violations Code are introduced to deal with maintenance by companies and organisations of their corporate records among other things.

Non-submission by legal entities of the information necessary for their state registration is now penalized in an administrative manner. A failure to apply to the relevant state authority in time periods and manner established under the Law of State Registration and State Register of Legal Entities for registration of amendments made to foundation documents of legal entities and Azerbaijani branches and representative offices of legal entities of foreign states and of subsequent amendments into the registered facts is penalised by a fine from AZN1,000 to AZN2,000 imposed on executives and AZN2,500 to AZN3,000 on the entities.

Financial sanction of AZN40 for non-submission of an application for tax registration or of whereabouts in the time periods established under the Tax Code as well as a failure to submit information of amendments to other registered data (details in the taxpayer's application for tax registration) continues to apply pursuant to the Tax Code to taxpayers (entities and individuals alike).

Related to the introduction of an administrative liability for a failure to properly maintain corporate records is the liability introduced for misleading the public about an ability of a terminated business to satisfy claims by creditors. Executives are now subject to a fine at AZN1,000 for passing during a corporate liquidation of a formal declaration confirming a knowingly false ability of a legal entity to satisfy claims of all of its creditors.

### **List of Electronic Services by Government Expanded**

By Resolution No 105 of the Cabinet of Ministers, dated 16 April 2014, the list of types of electronic services by bodies of the central executive power, approved by Resolution No 191, dated 24 November 2011, was expanded to include the following services:

- issuing information of outstanding amounts under leases of state property;
- receipt of applications and documents to state register easements (servitudes);
- receipt of applications and documents to terminate state registration of easements;
- receipt of applications and documents to state register usufruct in relation to an immovable;
- receipt of applications and documents to terminate state registration of usufruct in relation to an immovable;
- termination of state registration of destroyed immovable and rights in it; and
- issuing information of an immovable object from the state register of immovables (with the exception of statements from the state register in relation to limitation (encumbrance) of rights in immovable).

## **Filing Tax Returns under Special Regimes**

By Law No 789-IVQD of the Republic of Azerbaijan, dated 29 October 2013 (with effect from 19 November 2013), individuals and executives of taxpayers operating under special regimes became subject to an administrative liability for a failure to file tax returns. A failure without a reasonable excuse to submit to the relevant executive authority tax reports for operations under international agreements, to which the Republic of Azerbaijan acceded, production sharing, the main export pipeline and similar agreements approved into law of the Republic of Azerbaijan (except as otherwise may be provided by the agreements, themselves) is penalised by the fine in the amount from AZN25 to AZN30 imposed on individuals and AZN40 to AZN60 on executives.

Previously, Section 247 of the Administrative Violations Code provided for the administrative liability of individuals and executives for a failure to submit documents for assessment and payment of taxes and other mandatory payments. It is understood that the revision was adopted in an attempt of the Government to improve through imposing an administrative liability tax compliance of taxpayers subject to a special regime otherwise prevailing over the Azerbaijani law of general application.

## **Imports**

Resolutions Nos. 112 and 113 of the Cabinet of Ministers, dated 25 April 2014, revised the Cabinet Resolutions approving the import duty and value added tax (VAT) rates. Based on the supporting documents issued by the State Agency for Alternate and Renewable Energy Sources and according to the List of the commodity nomenclature of foreign economic activity, persons holding a license for activities in relation to alternate and renewable energy sources can import import-duty- and VAT-free installations used in the area of alternate and renewable energy and of its efficient use as well as parts and accessories of the equipment for their production. The Resolutions come into effect on 1 June 2014 and remain in force for ten years.

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