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Tax Code amendments

The President of the Azerbaijan Republic approved amendments to the Tax Code to be valid from 01 January 2025.

General provisions

- Tax authority has right to apply market price on transactions on the basis of expert opinion.
- Penalty for failure to provide transfer price return on time increased from 2000 AZN to 6000 AZN.

Value Added Tax (VAT)

- Provision of services by shipbuilding and ship repair enterprises for the repair of ships, other marine and water vehicles, hydrotechnical facilities based on the order of a non-resident is subject to 0% VAT.

Personal Income Tax (CIT and PIT)

75% of income up to 45,000 AZN per calendar year of individuals engaged in below activities shall be exempt from personal income tax.

- software development
- project-design and decoration services
- translation
- advertising
- investigation and research
- services provided in the field of science, education, culture and sports
- legal, independent auditor, accounting and financial advisory services
- journalism
- Marketing
- Evaluation activity
- delivery of orders and courier activities, except cargo transportation by motor vehicles
- tourism guidance
- export of services
- If salaried employee terminates his employment with individual engaged in the above activities and provides as an entrepreneur partially or fully similar services to his former employer then he is not allowed to benefit tax exemption within 1 year.
- If an individual engaged in the above activities is also engaged in another field of activity, he may use the right to tax exemption providing his revenue from such activity is not less than 50% of total revenue.

- Dividend paid by persons who perform system integration, software preparation and development activities outside the technology park as a resident of the technology park is tax exempt for a period of 10 years starting from the reporting year in which the registration certificate of the technology park is received.

Corporation income tax

- Tax for repatriation of net profit by branch and representative offices to parent company is now decreased from 10% to 5%.

Living minimum change

The President signed Decree on approval of changes to the Law on living minimum in the Azerbaijan Republic from 01 January 2025. In accordance with the Decree living minimum in country is 285 AZN, for working population it is 305 AZN, 232 AZN for pensioners and 246 AZN for children.

Minimum monthly salary change

The President signed Decree dd 23.12.2024 to fix monthly minimum salary of 400 AZN in country from 01 January 2025.

The information contained in this publication is for general guidance only. You should neither act, nor refrain from acting, on the basis of such information.

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