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Decree of Cabinet of Ministers

Azerbaijan Cabinet of Ministers adopted Decree # 492 dd 22 November 2024 approving Rules for norms of representation expenses, housing and meal expenses of employees, milk and preventive nutrition for employees working in harmful working conditions and meal for ship crew members on marine transport for tax purpose.

As per the Rules, VAT is included in the tax-deductible expense norms.

Norms are fixed as outlined below:

1. milk and preventive nutrition for employees working in harmful working conditions – 5 AZN per day. Meal expense of such employees is 5 AZN per day in addition.
2. meal for ship crew members on marine transport – 25 AZN per day in the Caspian Sea and 25 USD per day outside the Caspian Sea
3. meal expenses of employees - 5 AZN per day when paid to catering company on the basis of electronic tax invoice or reimbursed directly to employee. Reimbursement to employee shall be made in non-cash way. Meal expenses paid for days when employees are not at work (due to leave, illness, etc.) or are on business trips are not tax-deductible expenses
4. 50% of housing expenses incurred for employees' house and apartment rental are tax deductible now but not more than 1% of annual revenue providing rental agreement is notarized and payment to landlord or reimbursement to employee are made in non-cash form.
5. 50% of representation expenses are tax deductible now but not more than 1% of annual revenue providing expenses paid by bank and documented pursuant to provisions of the Tax Code. Representation expenses include costs associated with the official reception and/or service of participants at events held to develop cooperation and business. They include visa and visa extension fees for guests, meet and greet services, transport services for the event, hotel, meal, translation, purchase of souvenirs for guests. The Decree specifies that representation expenses exclude entertainment, leisure organization for guests, medical diagnostics and treatment.

Migration Code change

According to the change made to the Azerbaijan Migration Code on October 22, 2024 work permits will be issued and provided electronically from 01 November 2024.

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