

October, 2001

Tax Services

Azerbaijan

Contents

Another Decree on VAT issued

A new Law on Employment issued

Negotiations for a French - Azeri Double Tax Treaty planned

First amendment to Tax Code

Another Decree on VAT issued

The Decree of the Cabinet of Ministers dated August 8, 2001 provides additional rules explaining VAT calculations for operations performed by agents (brokers or authorized persons). The Decree is issued in accordance with the Tax Code and brings detailed explanations for VAT issues for certain commercial areas, such as sales of lotteries, travel agencies, and other areas where brokers are involved.

A new Law on Employment issued

The Law on Employment was signed by the President on July 2, 2001. The Law provides with definition of employed and unemployed persons, state policy in employment area, rights of citizens in employment area and etc.

The major change introduced by the Law is that from January 1, 2002 rate of employer's contribution to Employment Fund will be reduced from 2% to 1%.

The Cabinet of Ministers was committed to bring current other legislative acts into line with provision of the new Law.

Negotiations for a French –Azeri Double Tax Treaty planned

As the part of the negotiation between the Azeri government members with their French counterparts, planned for November of this year, there will be discussion on a Double Tax Treaty between Azerbaijan and France.

First amendment to Tax Code

The first amendment to the Tax Code was recently signed into law. The amendment treats housing –communal services as subject to a simplified tax regime.

* Bulletins are issued periodically and designed to inform clients and contacts of important developments in Azerbaijan. We hope that you will find these Bulletins both informative and helpful.

Since much of the information is discussed here in general terms only, it is recommended that specific professional advice is sought before any action is taken. If you would like to discuss any of the technical issues in this document, please contact the tax partner or manager with whom you normally liaise.

www.andersen.com/azerbaijan

Arthur Andersen MMM
Hyatt International Centre – Tower III
370065, Baku
Azerbaijan
Tel 994 12 978 000
Fax 994 12 978 001

Tax Services:
Peter Burnie
peter.burnie@az.andersen.com
Assurance:
Basak Kagnici
basak.kagnici@az.andersen.com