

## 2024 AND 2025 TAX DIGESTS

Law No. 45-VIIQD effective 8 October 2024 extended the value added tax (VAT) exemption on the importation and sale of second- and third-level electric vehicle chargers until 2027.

The bill of 25 November 2024 proposes to amend the Tax Code with effect from 2025. It is expected the bill will be approved before the end of 2024. Among the proposed amendments:

- market owners and managers (except for agricultural commodity markets and cooperatives) must ensure the tenants display their tax identification numbers;
- the difference between the selling and purchase prices of shares (along with related costs) in companies publicly traded at regulated markets, whether within the Republic or abroad, will be treated as a taxable object;
- dividends from technology park residents discharging system integration and software development outside the park will be exempt from the personal income and profits taxes for ten years from obtaining park residency;
- 75 percent of earnings of those with an annual income up to AZN45,000 from software development, project design, translation, advertising, research, science, education, culture, sports, legal, accounting, journalism, market research, valuation, courier (excluding cargo by motor vehicles), and tourism services, and those exporting any services, will be exempt from the personal income tax;
- royalties from intellectual property rights assigned or licensed to theaters, museums, symphonic orchestras, and film production, distribution, and dubbing will be fully exempt from the personal income tax and 90 percent from the profits tax applied along with the land tax exemption for related uses, and those engaged in film production and dubbing will be enjoying a 90 percent personal income tax exemption, until 1 January 2030;
- those engaged in a public-private partnership, as well as those producing electricity procured by the Republic using renewable energy sources, will be exempt from the personal income, profits, property, land taxes, and VAT for the duration of an agreement signed under the Laws, [On Public-Private Partnership](#), and [On Use of Renewable Energy Sources in Electricity Generation](#), up to a maximum of 30 years, including the construction period;
- the tax rate on payments made by a non-resident through its permanent establishment from net profits will be reduced from ten to five percent;
- the VAT applicability on domestic and foreign agricultural products calculated based on a trade markup for wholesale and retail sales will be extended until 1 January 2027 with the input VAT paid not being offsetable;

- sales of domestically produced buses and the import of spare parts for them will be VAT-exempt until 1 January 2033, while the VAT exemption on the import of equipment and materials for reconstruction of oil refineries (with an output of at least 3 million tons annually) will be extended for another year;
- ship repairs for non-resident customers will be subject to a zero VAT rate;
- non-resident individuals may receive full refunds of the VAT paid electronically for medical services; the same refunds for theater performances, film screenings, museum visits, and symphonic orchestra concerts are limited to 50 percent; and
- foreign heavy trucks, trailers, and semi-trailers will be exempt from the highway tax until 1 January 2027 where a cargo is transferred from railway to road transport at a designated station in the Republic and transported through the nearest customs checkpoint to another country, or where a cargo is brought in and transferred to railway at the first designated station.

### REMOTE MEETINGS OF SHAREHOLDERS

Earlier this December, the Republic first remote general meeting system and electronic voting platform for joint-stock companies was introduced pursuant to the *2024-2026 Development Strategy of the National Deposit Center*. This unprecedented initiative enables shareholders to access meeting details and exercise their voting rights electronically at [invp.e-mdm.gov.az](http://invp.e-mdm.gov.az). The portal is available in both the Azerbaijani and English.

### AZERBAIJAN TAKES ACTION

On 22 October 2024, Law No. 55-VIIQD amended the Criminal Code, criminalizing ecocide, *i.e.*, a deliberate mass destruction of plant or animal life, contamination of the atmosphere, soil, or water resources, or any other actions deleterious to the environment that result in, or pose a substantial threat of, an ecological catastrophe. The action is penalized by an imprisonment for a term ranging from ten to fifteen years.

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Republic of Azerbaijan

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\*Information does not, and is not intended to, constitute legal advice

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