

## FIRST BINDING AI FRAMEWORK

Humankind is developing a new life course integrated with artificial intelligence (AI). In response to concerns about challenges arising from this integration, the Committee of Ministers of the Council of Europe adopted on 17 May 2024, [the Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law](#). The Convention will be open for signing by the states starting 5 September 2024; once signed by a state, the Convention would be binding on the signatory.

Azerbaijan is a member of the Council since 25 January 2001.

The Convention aims to ensure that activities involving the lifecycle of AI systems are consistent with human rights, democracy, and the rule of law. The binding principles of the Convention include (i) transparency and oversight tailored to specific contexts and risks, including the identification of AI-generated content, (ii) accountability and responsibility for AI-resulting adverse impacts on human rights, democracy, and the rule of law, (iii) protecting privacy and personal data individuals, and (iv) establishing controlled environments for developing, experimenting, and testing innovations under a competent authority supervision.

Parties to the Convention must collaborate, aiming to enhance oversight mechanisms for compliance with the Convention, including through public discussions and multistakeholder consultations on pertinent issues. The Convention calls for promoting digital literacy and skills for all segments of the population, including experts responsible for managing risks.

Each signatory shall adopt or maintain the Convention in a manner appropriate to their domestic legal system. Under the Convention, a state must provide accessible remedies for actual and potential human right violations caused by AI systems and ensure that affected persons have adequate information and possibilities to contest decisions and lodge complaints. Further, a signatory shall adopt or maintain measures, in accordance mentioned principles, to identify, assess, prevent, and mitigate risks posed.

A legally non-binding methodology is being planned for the risk and impact assessment of AI systems, focusing on human rights, democracy, and the rule of law with a deadline by the end of 2024.

### LIBERALIZATION OF DEFENSE INDUSTRY: ARMS AND AMMUNITION PERMIT

A sale, import, and export of military equipment and weaponry will be removed from the list of items restricted in civil turnover through amendments to the 2003 Law No. 565-IIQ. The bill passed on 28 June the third, last reading in the parliament. The state duty for obtaining a ten-year license to engage in the following, will be:

for combat-specific military equipment and arms: design: AZN10,000.00 production and testing: AZN50,000.00	for combat ammunition: design: AZN10,000.00 production and testing: AZN50,000.00
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installation, assembly, repair, and maintenance: AZN12,500.00  storage: AZN12,500.00  disposal: AZN10,000.00	repair and maintenance: AZN12,500.00  storage: AZN12,500.00  disposal: AZN10,000.00
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According to the forthcoming amendments to the Tax Code and Law No. 687-IVQ, *On Customs Tariff*, these products will be exempt from the value added tax (upon turnover and importation) and customs duty (upon importation).

**RATIFICATION OF MULTINATIONAL INSTRUMENT OF BEPS INCLUSIVE FRAMEWORK**

On 24 June 2024, Azerbaijan enacted the Law ratifying the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (BEPS MLI). Azerbaijan is a signatory to the BEPS MLI since 20 November 2023. By ratifying, Azerbaijan confirms its commitment to Action 15 the *OECD/G20 Inclusive Framework on BEPS* and reinforces its status of an associate member thereof.

The Convention shall enter into force for Azerbaijan on the first day of the month following a three-calendar-month period from the date of deposit of the ratification instrument.

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

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