

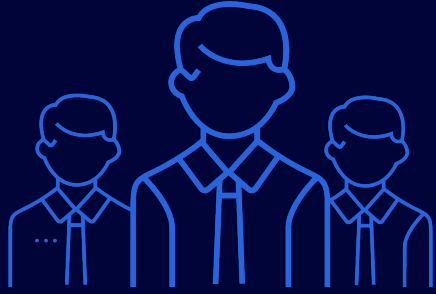


GRATA
INTERNATIONAL

Doing business in Azerbaijan

2022

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Why Azerbaijan?

Geographical location

Economic growth

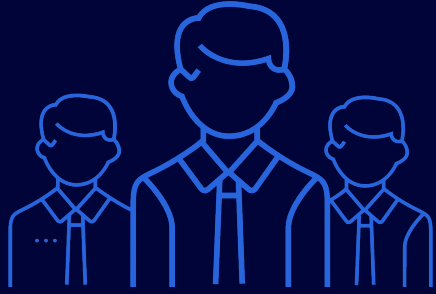
Natural resources

Safety

Secular state

Ease of doing business

Azerbaijan achieved a rank of 34 out of 190 countries in the World Bank's Ease of Doing Business Survey for 2020 as a result of constant economic, legal and other reforms in the country in the last few years.



State Guarantees

Foreign investments in the Republic of Azerbaijan enjoy full and unconditional legal protection, which is provided by the Law, legislative acts and international treaties of the Republic of Azerbaijan.

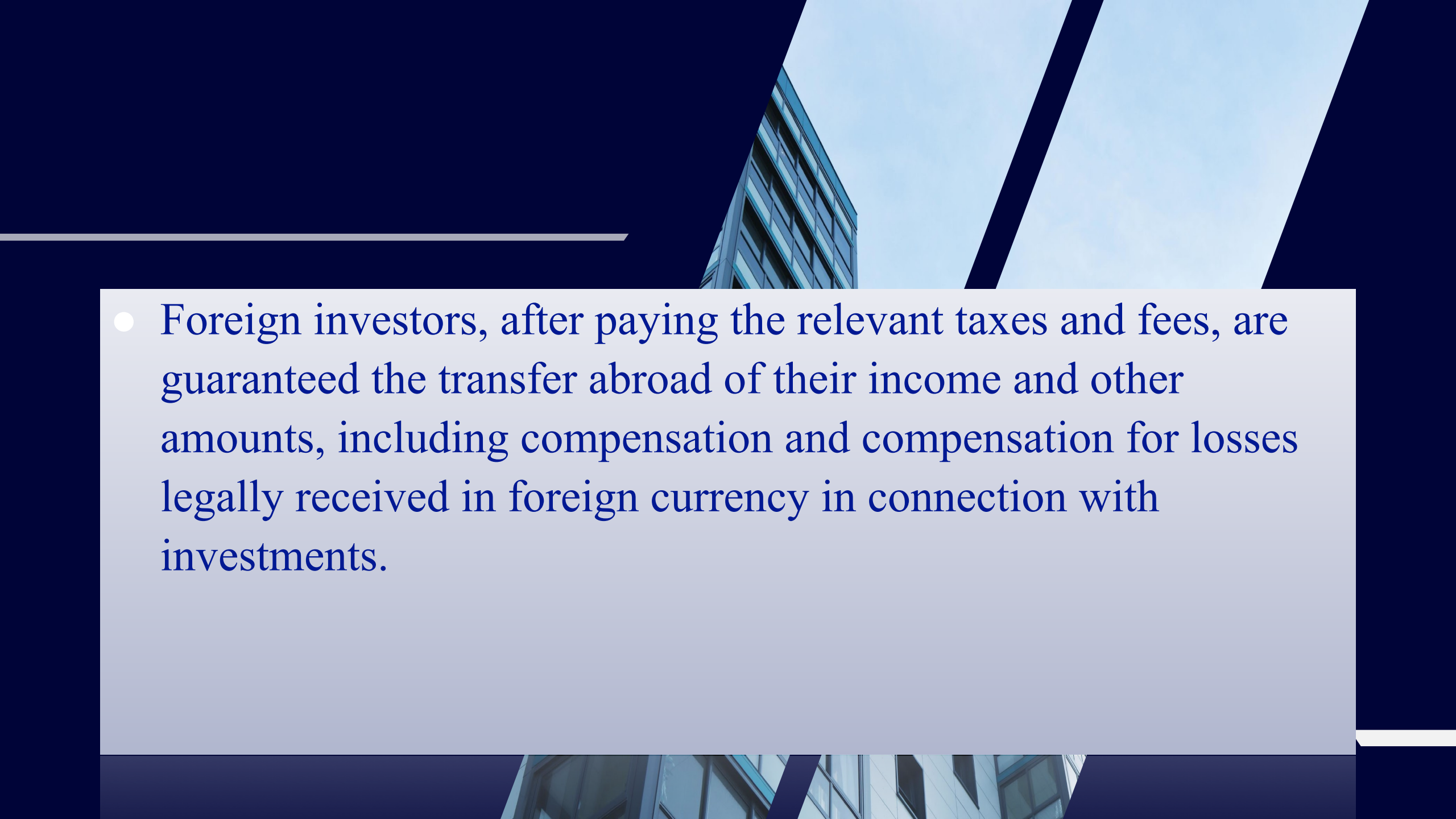
If the subsequent legislation of the Republic of Azerbaijan worsens the investment conditions, then the legislation that was in force at the time of the investment is applied to foreign investments for ten years (except: changes in the legislation of the Republic of Azerbaijan relating to defense, national security and public order, taxation, loans and finance, environmental protection, morality and public health.)

State Guarantees

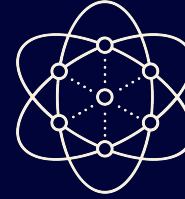
- Foreign investments in the Republic of Azerbaijan are not subject to nationalization, except for exceptional cases that cause damage to the people and state interests of the Republic of Azerbaijan.
- In the event of nationalization and requisition measures being taken, the foreign investor shall immediately be paid adequate and effective compensation. Compensation paid to foreign investors must correspond to the real value of the investment at the time of the decision to nationalize or requisition.
- In 2020 Azerbaijan released its territories (Nagorno Karabakh region) from almost 30 year occupation and in coming years there will be many more opportunities in Azerbaijan for foreign investors than before.

State Guarantees

- **Compensation is paid in foreign currency and, upon request of the investor, can be transferred abroad. Foreign investors have the right to compensation for losses, including lost profits, caused to them as a result of actions of state bodies or their officials that are contrary to the legislation of the Republic of Azerbaijan. Disputes about the amount of compensation and damages, the terms and procedure for its payment are resolved in court, and also, if it is provided for by agreement of the parties or an international treaty of the Republic of Azerbaijan, in an arbitration court. In the event of termination of investment activity, a foreign investor has the right to reimbursement of investments due to him and income received in connection with them in cash or commodity form at the actual value at the time of termination of investment activity.**

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- Foreign investors, after paying the relevant taxes and fees, are guaranteed the transfer abroad of their income and other amounts, including compensation and compensation for losses legally received in foreign currency in connection with investments.

Legal forms of doing business



Most popular forms:

- *Limited Liability Company*
- *Open Joint Stock Company*
- *Closed Joint Stock Company*
- *Branch*
- *Representative Office*

Very rarely used:

- *Additional Liability Company*
- *Partnerships (general and limited)*

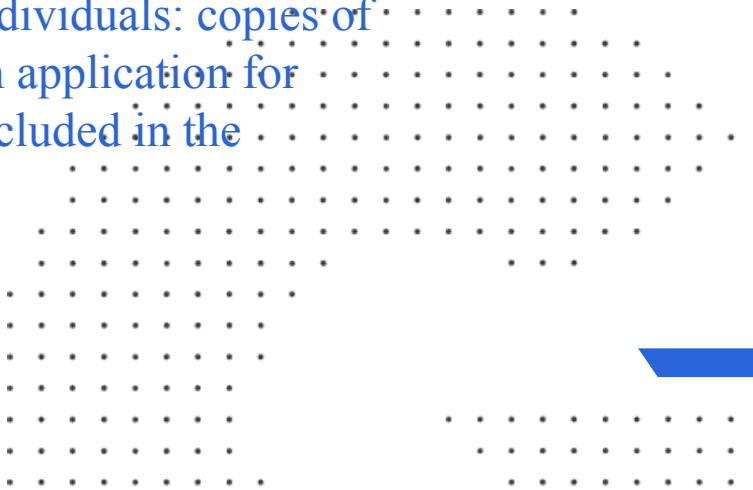
Business entity classifications

- Micro business : annual revenue below AZN 200,000; employees 1-10*
- Small enterprise: revenue from 200, 000 to 3 000,000; employees 11-50*
- Medium size business: revenue from 3 000,000 to 30, 000,000; employees 51-250*
- Large business: revenue above 30, 000, 000 employees 251*

How long does it take to register a company?

Within 1 – 2 business day following submission of documents to the Registry of Legal Entities. In rare cases, it may take up to 3 business days.

Resolution on establishment, approval of Charter/Regulations and legal address , appointment of a Head/Director is required. Parties are free to enter into foundation agreements (LLCs, JSCs). If Branch or Representative Office, a PoA from the founding entity /HQ in the name of a Head is required. Copy of the ID of the Head, founding documents of the shareholders (legal entities: extract from the trade registry, Article of Association/Charter, registration certificates; individuals: copies of passports) are also to be submitted to the Registry of Legal Entities along with an application for registration of a new company. Receipt proving payment of state duty must be included in the document package.



How long does it take to register a company? Documents and procedure.

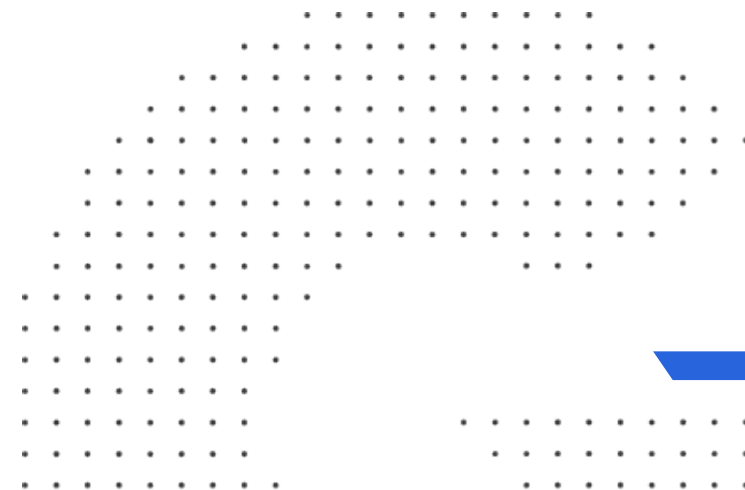
- If founder(s) have chosen to establish a Joint Stock Company in Azerbaijan, then once registered with the State Registry of Legal Entities (Ministry of Economy), the company should register its stocks with the Central Bank and National Depository Center.
- Charter capital must be paid within three months of the date the company is registered.
- Documents issued abroad have to be duly legalized/apostilled, then translated and notarized in Azerbaijan before submission to the registration authorities here in Azerbaijan.

Registration fees

Branch or Representative Office of foreign legal entity - AZN 300

Other entities (LLC, JSC, and other) - AZN 15

Entities in the field of agriculture - AZN 5



Important

- Any subsequent change in the documents and data registered with State Registry of Legal Entities have to be registered within 40 business days following the date of change. Registration of changes is free. Late registration is subject to fines in amount from AZN 1 000 to AZN 2 000 (individual-authorized person), from AZN 2 500 to 3 000 (legal entities)
- Some activities require licenses and /or permits to be obtained. Breach of the requirement is considered an illegal entrepreneurship and as such subject to administrative fines in amount from two-fold to four-fold of the damage caused by/profit made from illegal entrepreneurship. Should the amount of damage/profit exceed AZN 50 000, the action will constitute a criminal misconduct subject to penalties.
- Licenses are not transferable.

FREQUENTLY ASKED QUESTIONS

- ❑ Can a foreign company or individual be a founder of a company in Azerbaijan? Any restrictions?
- ❑ What is the minimum charter capital required?
- ❑ What legal form(s) you would recommend to choose?
- ❑ Does a company have to have a legal address? Does office address have to be the same?
- ❑ Do all entities have Azerbaijani taxpayer status?
- ❑ May a company start rendering services (licensable) immediately after submitting an application for obtaining a license?



THANK YOU!

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