



GRATA
INTERNATIONAL

FINANCE & CURRENCY REGULATION

2022

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LEGISLATION

- Law of the Republic of Azerbaijan "on Currency Regulation" dated 21 October 1994 #910 ("Currency Regulation Law");
- Law of the Republic of Azerbaijan "on Cashless Settlements" dated 16 December 2016 #461-VQ ("Cashless Settlements Law");
- Resolution of the Central Bank of the Republic of Azerbaijan on "Rules for conducting transactions of residents of the Republic of Azerbaijan in foreign currency, as well as non-residents in national and foreign currency" dated 28 November 2016 #45/1 ("Resolution #45/1");
- Rules "on Opening, maintaining and closing bank accounts" approved by the Resolution of the Financial Market Supervisory Authority dated 10 June 2019 #1951100026 ("Rules").



The currency - Azerbaijani manat.

AZN 1 = USD 0,59 = EUR 0,52.



Main finance control authority – Central Bank

FINANCIAL DEVELOPMENT INDEX

According to the report of the International Monetary Fund for 2019, the index of financial development of Azerbaijan is 0,19 out of 1.



0,19



SUBJECTS OF CURRENCY TRANSACTIONS

RESIDENTS

- individuals having permanent residence in the Republic of Azerbaijan;
- legal entities established in accordance with Azerbaijani legislation and their branches and representative offices located outside Azerbaijan;
- enterprises and organizations that are not legal entities, are located in Azerbaijan and established in accordance with Azerbaijani legislation, and their branches and representative offices located outside Azerbaijan.

NON-RESIDENTS

- individuals having permanent residence outside the Republic of Azerbaijan;
- legal entities and enterprises and organizations that are not legal entities established in accordance with foreign legislation and located outside Azerbaijan, and their branches and representative offices (bureaus and agencies) located in Azerbaijan.

SETTLEMENTS

CASH

CASHLESS

EXCLUSIVELY CASHLESS

Payments for settlements with the total amount more than 30,000 manats within a calendar month by

- taxpayers registered for VAT purposes and
- taxpayers engaged in public catering activities with the volume of taxable transactions more than 200,000 manats in any month(s) of consecutive 12-month period.

Payments for settlements with the total amount more than 15,000 manats within a calendar month by other taxpayers.

Payments of taxes, customs duties and levies, administrative penalties, financial sanctions, etc.

Payments of salaries, pensions, scholarships, reimbursements, etc. by persons, other than persons operating in the field of retail trade, catering and services, the volume of taxable transactions of which in any month(s) of a consecutive 12-month period is up to 200,000 manats.



BANK ACCOUNTS

Residents and non-residents can open and maintain bank accounts in local and foreign currency in the Republic of Azerbaijan.

Opening of bank accounts is carried out through submission of documents (notarized copies of the Charter, extract from the State Register, duplicate certificate, etc.) to the bank.

All documents shall be submitted in hard copy and/or certified with enhanced electronic signature.





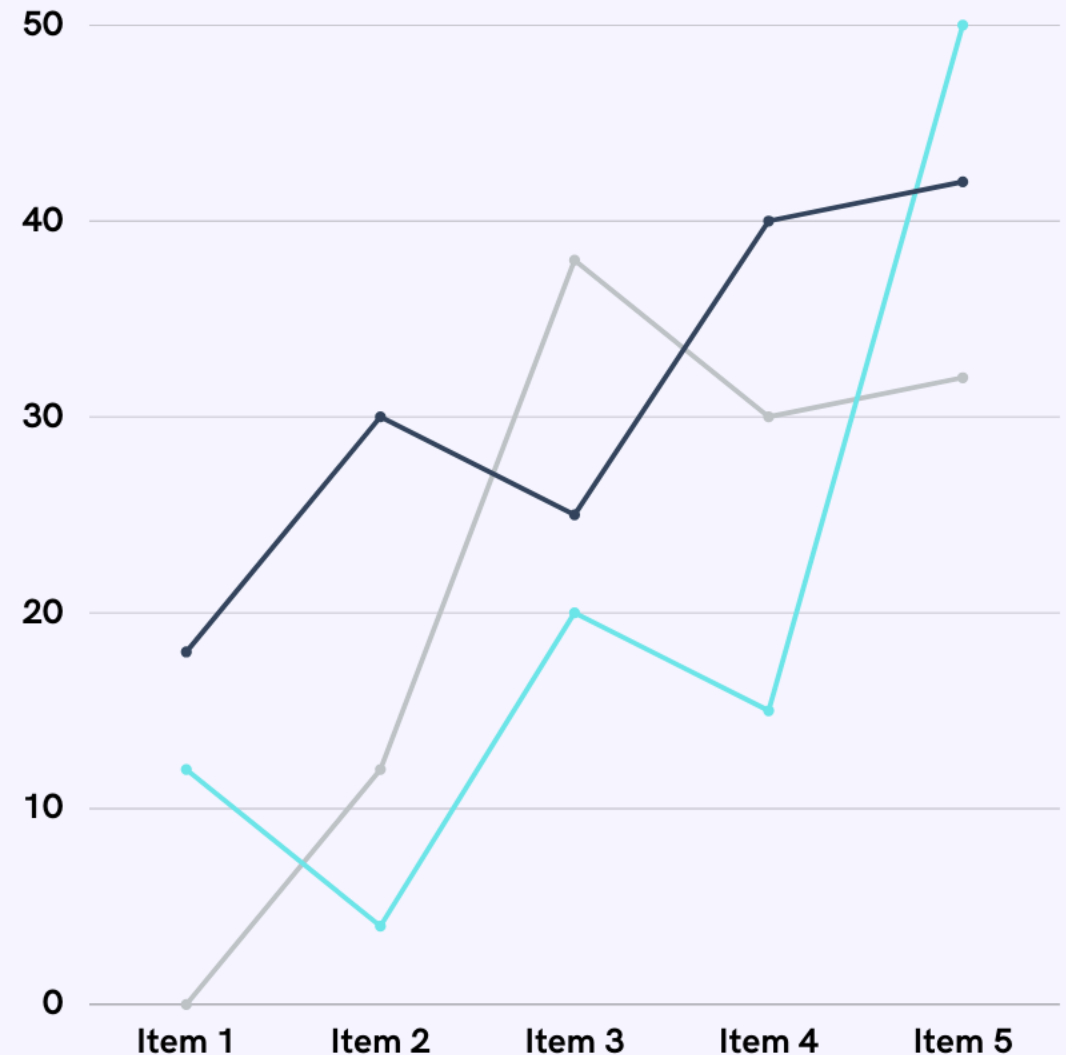
CURRENCY CONTROL

- No restrictions apply to the transfer of funds to Azerbaijan.
- No restrictions apply on transactions in AZN.
- Cash transactions in foreign currency are not allowed within the territory of Azerbaijan.
- Transfer of funds in foreign currency without opening a bank account is prohibited to legal entities.
- Transfer of funds from Azerbaijan
 1. without opening a bank account and
 2. through a bank account but for personal purposesare subject to restrictions related to transaction amounts.
- Transfer of funds from Azerbaijan via bank accounts not for personal purposes
 1. is carried out with submission of supporting documents (contract, invoice, etc.) and
 2. is not subject to any restrictions related to transaction amounts.

REPATRIATION REQUIREMENTS

Transfers for repatriation of foreign investments are made by submission of the following documents to the bank:

- the customs declaration confirming the import of funds constituting the foreign investment to Azerbaijan (if the funds are imported in cash) or extract from the bank account confirming the transfer of funds to Azerbaijan (if the funds are imported through bank transfer); and
- document confirming the investment of these funds.





PENALTIES

Not returning the foreign currency paid in advance in exchange for the provision of goods (services, works):

- officials - a fine in the amount from 10% to 20% of the amount of currency funds;
- legal entities – a fine in the amount from 20% to 30% of the amount of currency funds.

Not receiving the funds in exchange for the provision of goods (services, works):

- a fine in the amount from 30% to 50% of the amount of not received funds (if this amount is under AZN 20,000);
- criminal sanctions if the amount is equal to or over AZN 20,000.

Violation of the requirements of Cashless Settlements Law:

- financial sanction in the amount of 10% of the total amount of such transaction during the calendar year for the first time;
- 20% - for the second time;
- 40% - for the third and following times.



THANK YOU!

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