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VAT action plan: Azerbaijan

The Cabinet of Ministers of the Republic of Azerbaijan adopted an action plan in accordance with paragraph 10.2 of Order No. 1950 of the President of the Republic of Azerbaijan dated 19 March 2020.

The action plan dated 4 April 2020 covers three main spheres:

- I. Economic growth and support for entrepreneurship;
- II. Support for employment and social welfare;
- III. Macroeconomic and financial stability.

In accordance with this action plan, tax incentives and holidays to enterprises operating in areas affected by the pandemic are provided for by the amendments to the Tax Code of the Republic of Azerbaijan. The Law on Amendments was approved by the Order of the President of the Republic of Azerbaijan dated 2 June 2020.

The amendments cover the following areas within the tax legislation framework

- newly added and amended concepts;
- tax incentives for taxpayers working under different tax regimes;
- other incentives for taxpayers operating in areas affected by the coronavirus pandemic;
- tax incentives for micro-entrepreneurs;
- incentives for all entrepreneurs;
- tax exemptions in the field of imports.

As per the Law on Amendments, the sale of goods with export, in accordance with the procedure established as determined by the relevant executive authority, is taxable with zero-rate VAT.

As a result of the spread of the coronavirus pandemic, a temporary exemption from VAT for

all entrepreneurs is provided for:

- medical equipment and accessories necessary in the fight against the coronavirus pandemic;
- certain types of food related to meeting the needs of the population for food;
- food for children.

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