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# VAT refund procedure legal update

Regulation for refund of value added tax ("VAT") paid by individuals, who are consumers, for goods (except for oil and gas products) purchased from persons engaged in retail trade or public catering in the territory of the Republic of Azerbaijan ("Regulation") has been adopted by the Decree of the President of the Republic of Azerbaijan dated March 21, 2020.

The Regulation consists of 6 parts and includes the following:

1. General provisions;
2. Basic concepts;
3. Registration of consumers;
4. Organization of VAT refund;
5. VAT refund procedure;
6. Procedure for return of goods by consumer after VAT refund.

## General provisions

This Regulation regulates the procedure for refunding VAT paid by individuals, who are consumers, for goods (except for oil and gas products) purchased from persons engaged in retail trade or public catering activities in the territory of the Azerbaijan Republic in accordance with Article 165.5 of the Tax Code of the Republic of Azerbaijan.

VAT is refunded to consumer by transfer to a bank card (or account).

If consumer is a foreigner or a stateless person, VAT is refunded in accordance with this Regulation only if those persons have a bank card (or account) in the national currency.

The authorized bank shall refund the VAT paid on the purchased goods within 30 (thirty) days from the date of submission of consumer's application to the portal.

## Basic concepts

The basic concepts in this Regulation have the following meanings:

Seller – VAT payer engaged in retail trade or public catering activities in the territory of the Republic of Azerbaijan;

Consumer – an individual who purchases goods from the seller;

Unified database – unified system managed by the operator which integrates the information necessary for the refund of VAT paid on goods purchased to consumers;

Authorized bank – a bank or banks determined by the Ministry of Economy of the Azerbaijan Republic in coordination with the Ministry of Finance of the Azerbaijan Republic and the Central Bank of the Azerbaijan Republic;

Card organization – service center (banks and other legal entities engaged in processing activities) that provides transmission, collection, processing, clearing of information on card transactions, as well as maintenance and issuance of cards or representation, branch or other unit of the international card organization in the Republic of Azerbaijan;

Portal – information system for registration of appeals of consumers for refund of VAT paid on purchased goods;

Operator – a resident who organizes and manages the operation of software, a portal and a single database that allows consumers to transfer information on VAT refunds paid for goods purchased from persons engaged in retail trade or public catering activities in the territory of the Republic of Azerbaijan.

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