



Legal updates

In this release, we would like to bring to your attention an overview of the following:

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Submission of Settlement Accounts Information

On November 15, 2023, the Ministry of Economy of the Azerbaijan Republic, adopted the Decision on the "Approval of the form and timing of submission of the information about settlement accounts opened by electronic money organizations for legal entities, local branches of foreign legal entities and individual entrepreneurs" ("Decision").

According to the Decision, the template of a submission form for information has been approved and electronic money organizations are required to provide this information electronically to the State Tax Service within 1 business day from the date of opening settlement accounts.

This Decision entered into force on November 29, 2023.

New Law on Energy

On October 24, 2023, the Milli Majlis adopted the Law of the Republic of Azerbaijan No. 1006-VIQ "On Energy" ("Law"), and the Law of the Republic of Azerbaijan dated 1998 No. 541-IQ "On Energy" ("Previous Law") was revoked.

The Law regulates the activities of energy subjects, state bodies (institutions) and the regulator, as well as energy consumers.

According to the Law, energy subjects are defined as legal or natural persons engaged in one or more of the following activities within the energy sector:

- ▶ Exploration of energy resources
- ▶ Development and production of energy resources
- ▶ Processing of energy resources
- ▶ Production of energy
- ▶ Energy conservation
- ▶ Energy transmission
- ▶ Distribution of energy
- ▶ Import and export of energy
- ▶ Wholesale and/or retail sale of energy
- ▶ Organization of natural gas and electricity markets

Furthermore, the Law envisages the promotion of the private investments by individuals and legal entities of the Republic of Azerbaijan and foreign countries, including public-private partnerships within the energy sector.

This Law entered into force on December 5, 2023.

Electronic Credit and Guarantee Information System

*By the Decision of the Cabinet of Ministers of the Republic of Azerbaijan dated December 4, 2023, the Regulation on "Electronic credit and guarantee" information system ("**Regulation**") was approved.*

Under this Regulation, entrepreneurs operating in the liberated territories can submit their application to receive loans secured by state guarantee through the electronic information system in accordance with the "Rules on state guarantee of loans and subsidizing interests on loans to entrepreneurs operating in the liberated territories" dated January 9, 2023.

The information system ensures the creation of electronic cabinets for entrepreneurs wishing to receive loans secured by state guarantee, posting relevant decisions and notices by the Azerbaijan Business Development Fund and other authorized credit organizations, and the receipt of relevant information.

Furthermore, the Regulation also outlines the rights and duties of the owner, operator, and participants of the information system.

The Regulation entered into force on December 5, 2023.

Subsidizing Mandatory State Social Insurance Premiums

*On December 8, 2023, the Cabinet of Ministers of the Republic of Azerbaijan approved the Decision on the "Rules for the conditions for subsidizing compulsory state social insurance premiums paid by policyholders (insureds) operating in the liberated territories of the Republic of Azerbaijan from the state budget, the payment of subsidies and the implementation of control in this area" ("**Rules**").*

The Rules regulate the conditions for subsidizing the mandatory state social insurance premiums paid by the policyholders (insureds) operating

in the liberated territories from the state budget, the payment of subsidies and the mechanisms for control in this area.

Under the Rules, the term "policyholder" refers to legal entities and entrepreneurs that meet the following criteria: (i) they do not operate in oil and gas fields of the non-state sector; (ii) they conduct activities in the liberated territories and; (iii) they are tax registered in those territories.

The Rules also outline cases where the compulsory state social insurance premiums paid by policy holders are not subsidized from the state budget. Non-subsidized cases include but are not limited to owing compulsory state social insurance fees, being considered as a risky taxpayer, or being found as non-compliant as a result of a tax audit conducted during the application period.

The Rules entered into force on December 11, 2023.

New Ground for License and Permit Revocation

On October 24, 2023, the Law of the Republic of Azerbaijan on Amendments to the Law of the Republic of Azerbaijan "On Licenses and Permits" ("Amendment") was adopted.

According to the Amendment, if the state duty and supporting document for the payment is not submitted within 5 working days from the date of receipt of the information provided by the license and permit issuing authority, the license and permit shall be terminated by the administrative act of the issuing authority.

The Amendment came into force on November 27, 2023.

Amendments to the Rules for Granting Loans to Banks

On November 30, 2023, the Decision of the Central Bank of the Republic of Azerbaijan "On making changes to the "Rules for granting loans to banks by the Central Bank of the Republic of Azerbaijan" ("Amendments") was adopted.

According to the Amendments, as a lender of last resort, the Central Bank can grant loans for a maximum period of six months to banks facing short-term liquidity shortages, which can be extended once for the same period.

In addition, in cases where the stability of the financial markets is threatened, the Board of Directors of the Central Bank may decide to grant a last resort loan under other conditions and for a longer period.

Prior to the Amendments, the extension of this loan period was not envisaged and the maximum period for the last resort loan was determined as six months.

These Amendments came into force on December 13, 2023.

Adoption of the Competition Code by the Milli Majlis

On December 8, 2023, the Draft Law "On the approval, entry into force of the Competition Code of the Republic of Azerbaijan and related legal regulation" was adopted in the third hearing by the Milli Majlis.

The Code is anticipated to come into force following its signing by the President, and it is expected to take effect from July 1, 2024.

State Standard on Artificial Intelligence

*On November 24, 2023, State Standard on "Information technologies – Artificial intelligence– Concepts and terminology of artificial intelligence" ("**Standard**") was adopted by the Azerbaijan Standardization Institute under the State Service for Antimonopoly Control and Supervision of the Consumer Market under the Ministry of Economy of the Republic of Azerbaijan.*

The Standard includes terminology for better understanding and use of artificial intelligence technology.

This Standard is reviewed annually to assess whether the requirements defined therein are compatible with international standards, norms, rules, recommendations, as well as the progressive national standards of other countries, and the advancements in modern science and technology.

New Regulations Governing the Advertisement Placement

*On December 6, 2023, "Amendment to the Technical Requirements for Advertisement Installations" ("**Amendment**") was adopted by the Decision of the Cabinet of Ministers of the Republic of Azerbaijan.*

The Amendment specifies new technical requirements for the placement of the advertisement installations on buildings, historical and cultural monuments, in their protection zones, as well as the facades and roof coverings of architectural monuments or buildings.

This Amendment entered into force on December 7, 2023.

Contacts

We hope that you will find this overview helpful. For more detailed information, please contact the following specialists:



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