

Azerbaijan Tax News

Doing the right things

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New legislation on mandatory insurance for employees

On 11 May 2010, the Milli Majlis adopted the law "On obligatory disability insurance for employment injuries and occupational diseases". The law, which sets out the rules for obligatory disability insurance, covers local employees, state officials, expatriate employees working in Azerbaijan, except those who are exempt from making social insurance contributions. However, it appears that the law will not be applicable to foreign nationals employed in connection with Producton Sharing Agreements.

The employer will be responsible for providing the insurance, and it is expected that the insurance premium will be calculated based on the annual wages of the employee.

The Law is published on 3 July 2010.

Minimum monthly salary increased

A Decree issued by the President of the Republic of Azerbaijan on 31 August 2010 increases the minimum monthly salary from AZN 75 to AZN 85. Accordingly, the tax-exempt portion of monthly income of an individual with monthly income up to AZN 200 is increased to AZN 85.

The Decree is effective as from 1 September 2010.

Double tax treaty with Greece published

The Azerbaijan-Greece tax treaty signed on 16 February 2009 was published on the official website of the Ministry of Taxes on 2 September 2010. The treaty contains favorable provisions with respect to permanent establishments, as well as for the taxation of business profits, interest and royalty income, etc.