



ESTABLISHING A LEGAL PRESENCE IN AZERBAIJAN

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Establishing a local presence

- ▶ Subsidiary (JSC or LLC)
- ▶ Representative office or branch

Common characteristics of JSCs and LLCs

- ▶ Minimum number of founding shareholders
- ▶ Limited liability of founders
- ▶ Same tax treatment
- ▶ No nationality or residency requirements for founders or shareholders

Additional characteristics of JSCs:

- Registration of shares with the State Securities Committee
- Publication of annual accounting reports and balance sheets
- Approval by the General Meeting of Shareholders of transactions involving an amount in excess of 25% of the value of the net assets of an open JSC and disclosure to the public

LLC or branch office

- Extent of liability
- Management structure
- Possibility of land ownership
- Possibility to carry out construction activity
- Requirement for obtaining work permits for directors and deputy directors
 - ▶ It is no longer possible to register a company without designation of a director pending receipt by a foreign director of a work permit
 - ▶ Penalty for engaging a foreign director without a work permit – AZN 30,000+

Recent requirements of the Ministry of Taxes

- The same person may not be a director in more than one company
 - ▶ The possibility to appoint a professional consultant as a temporary director pending the receipt of a work permit by a foreign director is now limited
- The same legal address may not be used for more than one company
 - ▶ The use of a legal address provided by a local domiciliation company is no longer an option

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