

TAX AND LEGAL UPDATE

April 2011



AMENDMENTS TO THE LEGISLATION ON MANDATORY AUDIT

According to the Law on Amendments to the Law on Audit and the Code on Administrative Offences, dated 14 April 2011 ("Amendments"), audit is mandatory for the entities which should publish their financial statements (*public interest organizations, commercial entities preparing consolidated financial statements as well as joint-stock companies, etc.*) and in case when audit is required by the legislation (*limited liability companies, insurance companies, investment funds, emmitents of securities, subjects of natural monopoly, etc*) audit is mandatory, in all other cases conduction of audit is voluntary.

At the same time, the Amendments introduce a new article to the Administrative Offences Code on setting the amount of penalty for avoidance from mandatory audit. The new article clarifies that for avoidance from mandatory audit in cases when it is considered in legislation, official persons will be subject to penalty amount varying from three hundred to six hundred manats, and legal entities will be subject to penalty amount varying from one thousand and five hundred to two thousand and five hundred manats.

NEW DECLARATION, REFERENCE AND REPORT FORMS

As per the decree of the minister of taxes, new income, profit and property tax reports, their addendums, report on withholding of state duty and a certificate on non-creation of tax liability has been approved. New reports mainly cover the changes related with the application of special economic rejime for export oriented oil-gas activity.

REGISTER DEPARTMENT FOR TAXPAYERS

Taxpayers Register Department within the Baku City Taxes Department of the Ministry of Taxes has been established. The Department will be carrying the registration and deregistration of non-commercial entities, branches of legal entities and physical persons, making changes in the tax registration data, not contained in the public register of the commercial entities, issuance of certificate – duplicate in order to open an account in a bank, taking on the registration and deregistration of persons as tax payers of a value added tax and etc.