



azpromo

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of the Republic of Azerbaijan

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Azerbaijan

Investment Guide



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Why to Invest in Azerbaijan?

Robust and continuously growing economy



Center of the international transport corridor between Europe and Asia



Favorable climatic conditions, that create significant potential in agriculture and renewable energy sectors



Highly educated and skilled workforce



Introduction to the Republic of Azerbaijan



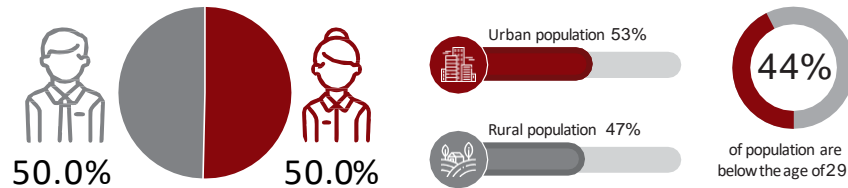
Location, Area and Topography

Bounded by the Caspian Sea to the east and the Greater Caucasus mountain range to the north, the Republic of Azerbaijan has a total land area of 86,600 square kilometers. Sharing borders with Georgia, Russia, Türkiye, Iran and Armenia, Azerbaijan has long been the geographical center of the region's oil industry.

Population



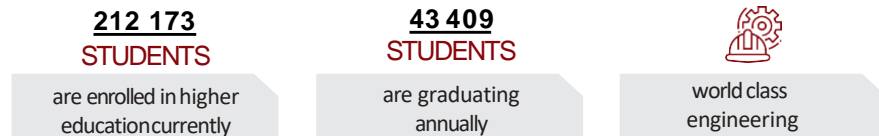
The population of Azerbaijan is more than 10 million.



According to the United Nations Development Programme (UNDP) Azerbaijan is in the list of countries with high Human Development Index, with the score of **0.745**. Mentioned index is calculated on the basis of 3 indicators:



Literacy rate in Azerbaijan is at the level of 99.8%. A rapid expansion in the number of universities in the second half of 1990s allowed Azerbaijan to have more university graduates, enabling Azerbaijan to transform its young population and large labor force into a skilled workforce.



Currency

Since 1 January 1994, Manat has been the National currency and the only payment facility in the country.



Internet Penetration: **87%**



Utility Prices for Businesses



Government

According to the Constitution of the Republic of Azerbaijan, the government of Azerbaijan is based on the separation of powers among the legislative, executive and judicial branches. In Azerbaijan, body exercising legislative power is the Milli Majlis (National Assembly), executive power - the President, the body exercising the judicial power - the courts of the Republic of Azerbaijan. The mediation process is applicable in all kinds of issues related to civil, commercial, family, administrative and labour law.

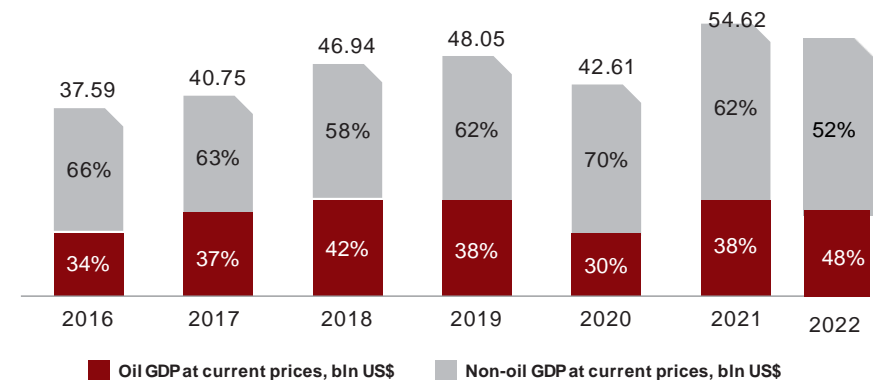


Economic Overview

Investment flows are one of the main sources for ensuring each country's economic development. A favorable business environment has already been created in Azerbaijan, and serious measures have been taken recently to improve the business environment, develop the non-oil sector, and stimulate opportunities to attract investments.

The economy of Azerbaijan has been steadily growing starting from the year of 2016. Strategic foreign exchange reserves of Azerbaijan exceed 50 billion US dollars. GDP at current prices rose from **54.6** bln USD to **78.7** USD **+44%** nominal growth compared to 2021. GDP per capita in **2022** equaled to **7 797,8** USD.

* All US dollars values are recalculated in the equivalent of 1:1.7 AZN



During the years 1995-2021 more than 305.0 billion US dollars were invested into the economy, out of which foreign investment amounted to 154.5 billion US dollars. Total amount of foreign direct investment during **1995-2022** reached **65.6** billion US dollars, while the amount of the total non-oil FDI reached **17.4** bln USD.



International Relations

Azerbaijan is a member/partner of a numerous international organizations and financial institutions, such as:



Visa Regime

Electronic visas can be obtained within 3 working days (a standard e-visa) or even as fast as 3 hours (for an urgente-visa) before their arrival to the Republic of Azerbaijan.



Lifestyle

Average nominal monthly wage 494 USD	Number of theatres 29
Consumption expenditures of households (per capita, per month) 181 USD	Number of museums 240
Number of general educational institutions 4 426	Number of hospitals 342
Number of public libraries 2 915	Total number of hotels and hotel types enterprises 712
Number of concert halls 16	Number of cinemas halls 73

Improved Investment Climate

No discrimination between foreign and domestic investor	No limits on the amount of foreign capital in companies	No restrictions on repatriation of profits
No prior authorization of foreign investment required	No foreign exchange restrictions	No technology transfer restrictions
No local counterpart requirement	Temporary residence allowed upon investments	Limited price control

Sustainable development index **73.5**

Azerbaijan reached the highest index in the south Caucasus in “Sustainable development –2022” report prepared by United Nations and published by Cambridge University. The following measures are carried out in order to stimulate investment activity:

• Various tax related benefits and other government payments

• Provision of loans on preferential terms

• Expansion of the mechanism of public-private partnership

• Other measures aimed to stimulate investment activity


“Azerbaijan 2030: National Priorities for Socio-Economic Development”


Main priorities


- Sustainably growing competitive economy;
- A society based on dynamic, inclusive and social justice;
- Competitive human capita landscape for modern innovations;
- Great return to the liberated territories;
- Clean environment and "greengrowth" country

Areas liberated from occupation

In order to ensure the "Great return" to the territories liberated from occupation, along with the reparation of complex action plans, very important practical activities have already been started in this direction. Significant works are carried out in the direction of restoration of administrative management bodies and creation of transport, energy and communication infrastructure.

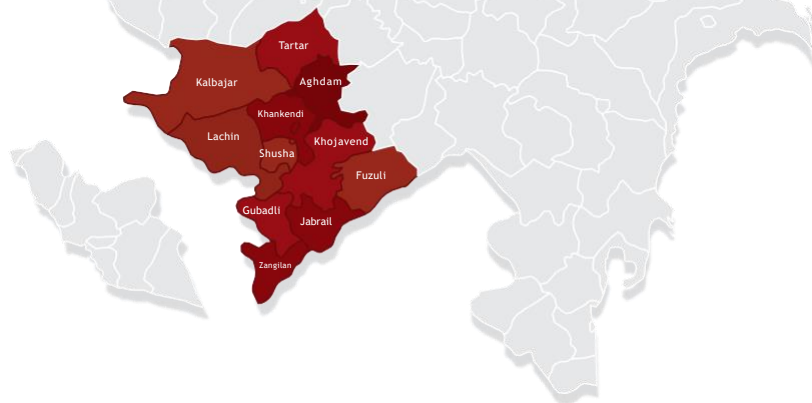
 Fuzuli and Zangilan international airports are already completed and 1 other in Lachin region is under construction process;

 15 highways with a total length of 1,516 km are under construction process;

 "Smartcity and smart village" concepts are also ongoing process.

All these measures will allow settlement, restoration and development activities to be carried out at full speed in the liberated territories.

Karabakh region is also very attractive for renewable energy sector. The main rivers in the area, the Tartar and Hakari rivers and their tributaries, have a high hydropower potential. According to the measurements of the Ministry of Energy of the Republic of Azerbaijan, along with hydropower liberated territories has a potential of 7,200 MW of solar energy and 2,000 MW of wind energy.



Government's support in liberated territories

Along with the development of infrastructure, Azerbaijan is also strongly interested in economic development of Karabakh region. According to the decree of the President of the Republic of Azerbaijan related to the acceleration of economic and social welfare in the liberated territories, below mechanism for entrepreneurs are in develop:

Tax benefits, social insurance and other incentives

for entrepreneurs engaged in processing industry and service infrastructure



Customs benefits for entrepreneurs

Engaged in production activities related to the import of raw materials



Concessions on utility services

(electricity, natural gas and water consumption) for entrepreneurs engaged in production activities



Determination of labor migration quotas and procedure improvement

for work permits supporting investors who apply environmentally friendly technologies, create "green growth" and use renewable energy sources



Additional support of investors

who apply clean technologies, create "green growth" and use renewable energy sources



Expansion of access to financial resources

for entrepreneurs operating in the liberated territories



Priority sectors to be developed in the liberated territories:



Extractive industries



Transportation and Logistics service



Agriculture, including traditional viticulture and wine production



Industry



Tourism

Key Non-Oil Economic Sectors



Agriculture

Azerbaijan's largest employer, employing approximately 36% of the population, but accounting for only 8% of GDP.

Sown areas are above 1.6 million hectares, which is approximately 19% of the total territory of Azerbaijan.



Information and communication technologies

The IT market in Azerbaijan is continuously developing. Education and e-government programs have been launched, increased digital resources available to schools and universities outside Baku, and expanded e-services. ASAN service, as part of the State Agency for Public Services and Social Innovations under the President of the Republic of Azerbaijan provides public services, which makes it more easily accessible to the citizens using modern technologies. The government also established several technological parks throughout the country that offer tax breaks and exemptions for companies.



Renewables

The renewable energy sector in Azerbaijan has vast potential. Currently, foreign investors are engaged in the construction of 3 solar and wind power plants with a capacity of 710 megawatts in Azerbaijan. The total power generation capacity of Azerbaijan is 7542.2 MW and the capacity of the power plants on renewable energy sources, including large hydropower plants is 1304.5 MW, which is 17.3% of the total capacity. An ambitious target of the country is to increase the share of the installed capacity to 30% of the country's overall energy balance by 2030. The technical potential of offshore wind is huge and estimated at the level of 157 GW, however, the potential of energy sources on the land equals to 27 GW, which includes:



3 GW
of wind energy



23 GW
of solar energy



0.4 GW
of bioenergy



0.5 GW
of hydropower



Light industry

Has developed in Azerbaijan since ancient times and apart from many other directions, include weaving, sewing, and knitting, as well as fur-leather, skin - leather, textile and shoe production. Traditional and rich in patterns, carpet-making is also on the rise.



Chemical industry

One of the fields that play an essential role in the development of the economy. Production of mineral fertilizers creates conditions for the intensification of agriculture.



Food Processing

Accounts for around 32% (\$2.9 billion) of Azerbaijan's total processing industry, and covers a selection of more segmented industries. Azerbaijan possesses great potential in the development of halal food industry, as Islam is a dominant religion in the country.



Transport and logistics

Today, as trade flows increase between Europe and Asia, Azerbaijan is emerging as a transport and logistics hub at the crossroad of Eurasia, adjoining seaports on the Caspian Sea, as well as serving as an interconnection point for various transportation corridors. To meet rising opportunities, Azerbaijan is constantly developing its infrastructure. Hence, an immense transit and logistics potential exists, which could be further benefited from.



Tourism

The rich historical, cultural and natural heritage of the country attracts visitors from all over the world. Untouched nature, mineral springs, a unique ancient architecture, diverse culture, rich in flavors cuisine, its people known for hospitality, as well as other factors contribute to the formation of a highly attractive tourism destination and also for various purposes: business, sport, medical, hunting, beach and gastronomic. As a result, the tourist flow to the country was steadily growing. Compound average growth rate for the years 2015-2019 reached almost 10%, while the tourist flow in 2019 exceeded 3 million people.

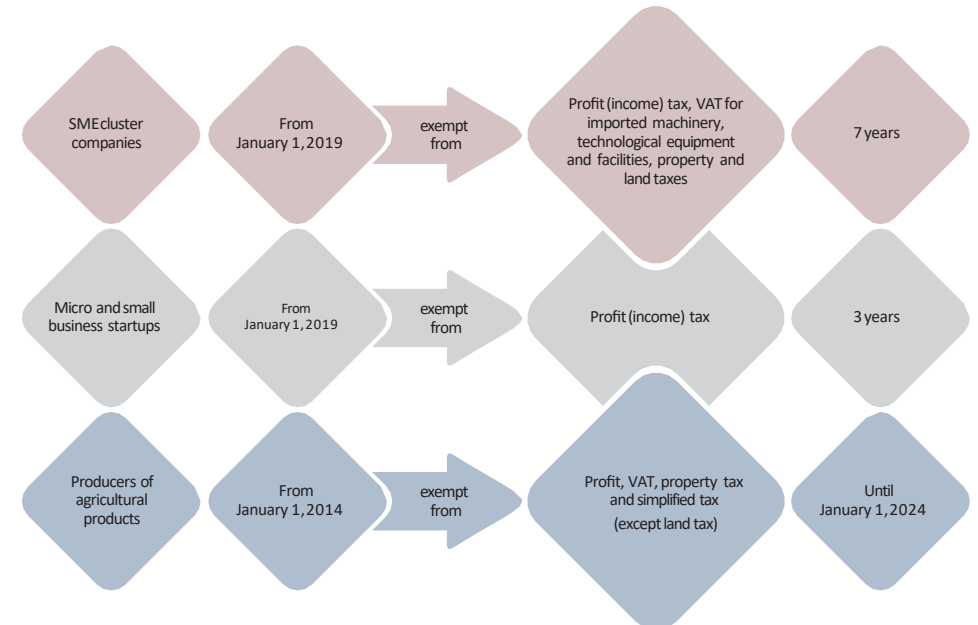
Export Activity and Priority Sectors

Since the export activity in Azerbaijan is primarily concentrated on raw materials and semi-finished products, the main priority is to develop full-cycle processing production in the fields such as: cotton, canning of fruits and vegetables, petrochemicals, aluminum and etc.

Under the national export strategy, it is almost anticipated to double non-oil exports in the country (+80%) till 2026. This will cover both export of commodity and products, as well as the promotion of service export (such as IT and Tourism exports). Absence of export clearance fee, temporary storage and domestic processing mechanisms already support export activity in the country. For its further development, it is planned to implement reforms in all directions, which will include:

- Facilitation of state procedures; Creation of conditions for e-export; Increase the coverage of FTA & PTA agreements; Production of high-quality export products; Facilitation of trade and border crossing procedures; National export branding; Improvement in the culture of exports in the country;
- Organization of "Export Academy" and different trainings for entrepreneurs.

Activity Base Incentives for Entrepreneurs in Azerbaijan



Infrastructure and Possibilities

Road infrastructure in Azerbaijan is developing at high speed. Currently, almost 20 thousand km of roads and highways have been built and restored.

- 7 new international airports, including in the liberated areas of Azerbaijan. Two more are on the way;
- New Baku International Sea Trade Port - located south of the capital city of Baku at the intersection of major transport corridors;
- Alat Free Economic Zone – a multi-modal production export-oriented site in a prime strategic location offering a wide range of incentives and benefits;
- Baku-Tbilisi-Kars railroad (“The Iron Silkway”) - an international rail link project connecting Azerbaijan, Georgia and Türkiye;
- Potential Zangazur corridor - connects the Lesser Caucasus and the Anatolian highlands.



- Baku-Tbilisi-Kars Potential
- Zangazur corridor

Azerbaijan's Trade Policy Overview

Foreign trade in Azerbaijan is primarily governed by the Tax Code, Customs Code and the Law on Customs Tariffs.

The following are the principal trade agreements to which Azerbaijan is a party:



Free and Preferential Trade Agreements Map

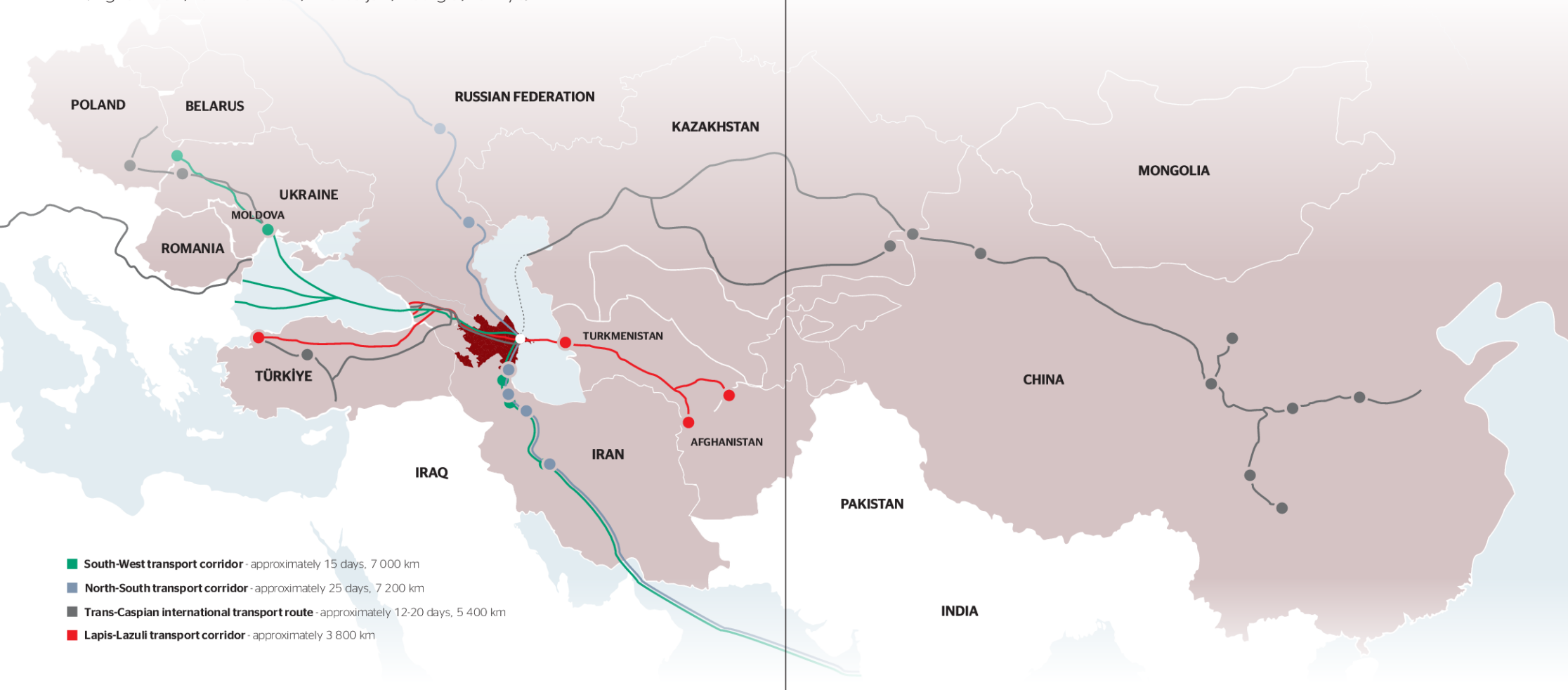
- FTAcountries
- PTAcountries

Transit and Logistics Potential

Due to its unique location and despite being a landlocked country, Azerbaijan is a part of the numerous transport corridors:

- **South-West transport corridor**
(India, Persian Gulf, Iran, Azerbaijan, Georgia, Ukraine, Europe)
- **North-South transport corridor**
(India, Persian Gulf, Iran, Azerbaijan, Russia, Europe)
- **Trans-Caspian international transport route**
(China, Kazakhstan, Azerbaijan, Georgia, Türkiye, Ukraine, Europe)
- **Lapis-Lazuli transport corridor**
(Afghanistan, Turkmenistan, Azerbaijan, Georgia, Türkiye)

- **South-West transport corridor** reduces time loss for the goods transportation between Europe and India. Due to the created conditions, it is possible to transport cargo on the route for 15 days, overcoming the distance of more than 7000 kilometers, delivering goods from India to Europe. For the further development of the route, work has been done and continues to improve infrastructure, which will create a competitive transport product and attract large volumes of cargo to the transport corridor.
- **North-South transport corridor** is a 7,200-km-long multi-mode network of ship, rail, and road route for moving freight between India, Iran, Afghanistan, Azerbaijan, Russia, Central Asia and Europe. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar-e Anzali, etc.
- **Trans-Caspian international transport route** is the shortest transport route connecting Europe and Asia, which serves to increase freight traffic from China to Türkiye and the European countries, as well as in the reverse direction. The average transit time along the 5,400 km East-West transport corridor is 15 days. Baku-Tbilisi-Kars railway, called the "Iron Silk Road" allowed the corridor to reach Europe directly by land.
- **Lapis-Lazuli transport corridor** is an international transit route opened in 2018, linking Afghanistan to Türkiye via Turkmenistan, Azerbaijan and Georgia. The Lapis Lazuli corridor is funded by the Asian Development Bank. Currently, the transit project's budget is estimated at \$2 billion.



Registration of Business in Azerbaijan



All companies operating in Azerbaijan are required to be registered. Absence of formal registration will prevent a company to commence in Azerbaijan (e.g., maintain a bank account, clear goods through customs, etc.).

There are various windows for registration a business in Azerbaijan, such as:

ASAN SERVICE

www.asan.gov.az

STATE TAXSERVICE

www.e-taxes.gov.az

SMBHOUSES

www.smb.gov.az

Licenses and Permits

The Law on "License and Permits" of the Republic of Azerbaijan defines the institutional, economic, and legal framework for the regulation of the licensing and permitting system in relation to business activity in Azerbaijan (except for the financial markets).

According to the Law, licenses and permits are issued separately for each type of activity, with the exception of the general license. To receive a license or permission, the applicant must apply to the issuing body.

Types of activities where licenses or permits are required:

Pharmaceuticals including veterinary related medicine

Toxic industrial waste

Education

Communication

Stock exchange and investment funds

Activities related to radioactive or hazardous products and facilities

Liquid and natural gas facilities

Activities on protection from fire

Mining, mountain and borehole drilling

Insurance and credit institutions

Forms of Legal Entity



Commercial legal entity may be consolidated into a partnership in which all partners are liable with their own assets for the debts of the partnership and limited liability company or joint stock companies where the obligations of the shareholders are limited to their share capital.

Limited liability companies (LLC) are mainly used as a form of legal entity in Azerbaijan. Since for LLC registration there is no stated minimum financial limit as to the amount of the charter capital as well as no need to have a local partner – LLCs may be wholly owned by foreign companies and individuals from any jurisdiction.

Forming an LLC is a fairly simple process that can be broken down into 2 stages: (a) Registration Stage; and; (b) post-registration period. The registration of business organizations is carried out by the State Tax Service (under the Ministry of Economy) within 2 days from the date of submission of the respective documents. Documents can also be submitted electronically.

Customs Regime



The State Customs Committee has increased business links with international customs agencies in recent years as part of its efforts to develop its operations in accordance with current needs.

This has been crucial to the advancement of reforms and the creation of state budget revenues. The successful future of the Azerbaijani customs system is indicated by the mutually beneficial cooperation with the customs authorities of the developed nations and influential international organizations. Since June 1992, the Republic of Azerbaijan's State Customs Committee is a part of the World Customs Organization.

Definition of a Foreign Investor



In accordance with the Law on "Investment Activity", dated 22 June 2022, the following entities and individuals carrying out investment activities are considered as foreign investors in Azerbaijan:

- Foreigners;
- Stateless persons;
- Foreign legal entities and their branches and representative offices;
- Foreign states;
- International organizations.

Under the same Law, investment activity in Azerbaijan can be carried out in the following forms:

- Establishment and reorganization of legal entities;
- Acquisition of participation shares in legal entities;
- Establishment of a branch and representative office of foreign legal entity in Azerbaijan;
- Individual entrepreneurship;
- Conclusion of an agreement for the implementation of investment activities;
- Acquisition of property, including property rights and other rights of monetary value;
- Other forms not prohibited by law.

Investment Protection



According to "The Law on "Investment Activity", dated 22 June 2022, the state guarantees the protection of the rights and freedoms of investors, and prohibits unreasonable and discriminatory treatment, intimidation, harassment and violence against investors and their investments.

The regulation of investment activity by the state is carried out only by following the principles of property inviolability, rule of law, protection and provision of human and civil rights and freedoms, and protection of confidential information. The investor is entitled to transfer the income and other funds obtained from investment activities to a foreign country upon payment of taxes and other state payments in freely circulating currency or in another form in accordance with the requirements of the Law on "Currency Regulation" and the contract on the implementation of investment activities.

Public Private Partnership



Azerbaijani government is intensely interested in the strengthening of cooperation between the state and the public sector. The current improvement strategy is based on the Public Private Partnership (PPP), which is a long-term contract between the public and private sectors to provide public and private

sectors to provide public infrastructure or services, where the private sector bears certain risks and management responsibilities, while the payments to the private sector are based on performance. In the implementation of such projects, the state transfers a number of state-provided services, property or control mechanisms to the private sector.

Advantages for the investor:

- Long-term, repayable investment;
- Implementation of the project with the participation of the State;
- Possibility of obtaining additional guarantees;
- Sharing risks with the state;
- Expansion of private sector participation in economics and management.

Digitalization of Services



One of the main directions of state policy in digitalization of services provided to investors is related to the implementation of investment activities and guaranteeing the "non-stop shop" principle. In order to ensure the realization of the services to be rendered by the state entities in a uniformed and coordinated

manner Azerbaijan launched ASAN Service in 2012, which significantly reduced additional time loss and ensured a larger use of digital services.

Temporary Residence Permit



According to the Azerbaijani Migration Code, foreign nationals and stateless people are granted a Temporary Residency Permit in the following instances (including, but not limited to): Investment in the country's economy of at least 500 thousand AZN (\$294 thousand). Opening a company/branch or

representative office of a foreign legal entity. If a foreign person is a director or deputy director of a legal entity with at least one foreign founder, then foreigner does not need to obtain a work permit and can immediately apply for a TRP. The same rule applies to the establishment of branches or representative offices of a foreign legal entity in Azerbaijan. TRP is issued by State Migration Service. There is a possibility of an online application. For TRP application a foreigner should be in Azerbaijan. The term for consideration of the TRP application is 15-20 working days. The state duty for 1-year TRP is 120 AZN (\$71) for consideration in 20 working days and 160 AZN (\$94) for consideration in 15.

- Ownership of real estate worth at least 100 thousand AZN (\$59 thousand) in the territory of the Republic of Azerbaijan. In such cases, the price of real estate in Azerbaijan is assessed by independent appraisal agencies, and the real price of the real estate contract is not considered by the authorities.
- Make a deposit of at least 100 thousand AZN (\$59 thousand) in a bank. It should be mentioned that if the deposit amount is less than 100 thousand AZN (\$59 thousand) after receiving a TRP, this will be a ground for the TRP to be revoked.

Tax Regime



In order to make taxes related processes easier, Azerbaijan introduced an online system (www.e-taxes.gov.az) for registration of taxpayers, correspondence with the tax office, submission of related documents and declarations.

Main applicable taxes:

Corporate income tax	VAT	Property tax (fixed assets)	Land tax is calculated depending on the region	Individual Income Tax in Azerbaijan is calculated differently, as shown below:
20%	18%	1%		

From 1 January 2019, month-to-month profits of personnel who're engaged in employment for (b) non-oil-fuel and non-authorities sectors will be exempted for a 7-yr

Entity type	Taxable monthly income	Tax rate
(a) oil-gas and government sector	below 2,500 AZN (\$1,471)	14%
	above 2,500 AZN (\$1,471)	350 AZN (\$206) + 25% of amount exceeding 2,500 AZN (\$1,471)
(b) non-oil-fuel and non-authorities	below 8,000 AZN (\$4,706)	0%
	above 8,000 AZN (\$4,706)	14% of amount exceeding 8,000 AZN (\$4,706)

Social insurance payments for (b) non-oil-fuel and non-authorities


Entity type	Withheld from employee	Withheld from employer
below 200 AZN (\$118)	3%	22%
above 200 AZN (\$118)	6 AZN (3.5\$) + 10% of amount exceeding 200 AZN (118\$)	44 AZN (3.5\$) + 15% of amount exceeding 200 AZN (118\$)

The implementation by business entities of tax and social obligations and the maintenance of accountability by a single state body, ensuring timely and complete collection of contributions for compulsory state social insurance, unemployment insurance and compulsory medical insurance, as well as other mandatory payments referred to the competence of the State Tax Service by law and act of the President of the Republic of Azerbaijan is one of the functions of the State Tax Service.

EXPORT AND INVESTMENT PROMOTION AGENCY OF THE REPUBLIC OF AZERBAIJAN



Single Window for FDI - AZPROMO

 AZPROMO is both a trade promotion organization (TPO) and an investment promotion agency (IPA). It has existed since 2003 and possesses a solid experience and expertise in both directions.

AZPROMO acts as a “single window” for foreign investors – from initial acquaintance with the country, making introduction to other government entities, and assistance in setting up in Azerbaijan, finding proper partners on the ground, identification of sources of raw materials, presentation of prospective investment projects in the country, regular aftercare efforts and so on.

As a trade promotion organization AZPROMO coordinates Trade and Wine houses, which support the promotion and expansion of the export of Azerbaijani products and “Made in Azerbaijan” brand. There is a wide network of trade and wine houses of Azerbaijan in different countries, which along with promotion also supports in organization of sales and coordination between entrepreneurs.

Economic Zones Development Agency

EZDA, under the Ministry of Economy is a managing body of economic zones, including industrial and agricultural parks, industrial zones for SMEs, mandated with investment promotion through favorable regimes, infrastructure, and incentives for investors. EZDA manages 6 out of 7 industrial parks, 4 out of 5 industrial zones for SMEs, and 51 agricultural parks in Azerbaijan.

Benefits for residents of economic zones



Support for various governmental procedures via the “One - Stop Shop” system to facilitate investors' activity



Supply of modern and extensive infrastructure in economic zones by the principle of “Plug & Play”



Construction of modern infrastructure (subsidized by the state), which in turn enables entrepreneurs to focus more on investing in the project



Another significant part of governmental support for residents of industrial parks is tax and custom duties incentives. The residents of industrial parks are exempted from

Profit (income) tax for



10
years

Property tax for



10
years

Land tax for



10
years

VAT for imported machinery and equipment for



10
years

Customs duties on imported machinery and equipment for



10
years

Investment Promotion Document

To diversify the economy and support the attraction of foreign investment in the non-oil sector, Azerbaijan provides investment promotion documents to legal entities and individual entrepreneurs. The Investment Promotion Document is issued by the Ministry of Economy of the Republic of Azerbaijan for investment projects.

Benefits for holders of IPD



Exempt from VAT and customs duties on the import of machinery, technological equipment and facilities



Exempt from property tax



Exempt from land tax for the lands owned or used

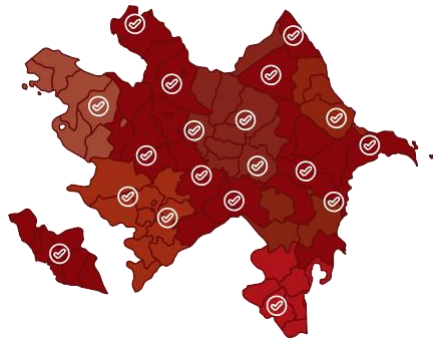


In case of an individual entrepreneur, 50% of the income is tax-free from the date of receipt of the Investment Promotion Certificate



In case of a legal entity, 50% of the profit is tax-free

7
Y
E
A
R
S



An investment promotion document is applicable in any part of the country



And also applicable in Industrial zones and Agroparks, with ready infrastructure

Requirements to acquire IPD

Holders of Investment Promotion Document (IPD) enjoy certain tax and customs benefits. The issuance of an IPD is based on the following criteria:



The territorial administrative units where investment projects will be performed



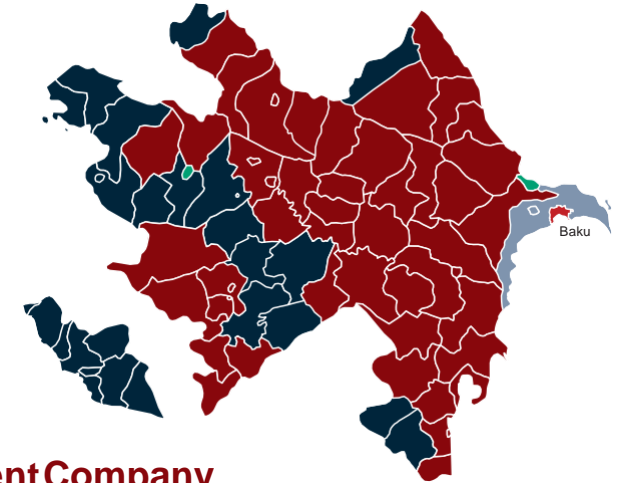
Areas of economic activity in which investments will be made



A minimum amount in relation to the scope of an investment project

The territory of Azerbaijan is divided into 5 regions, and depending on the region a minimum required amount to investment project changes. The highest requirement for investment amount is in Region 1, and the lowest amount is in Region 5.

- Region 1 - 5 mln AZN (2.9 mln USD)
- Region 2 1-10 mln. AZN (0.6-5.9 mln USD)
- Region 3 - 0.1-10 mln. AZN (0.1-5.9 mln USD)
- Region 4 - 0.1-10 mln. AZN (0.1-5.9 mln USD)
- Region 5 - 0.1-50 mln. AZN (0.1-29.4 mln USD)



Azerbaijan Investment Company

Azerbaijan Investment Company OJSC was established to support business development in the non-oil sector of the Azerbaijan economy by investing in the project's equity capital. The main goal of the company is to support the development of the Azerbaijani economy, promotion of economic diversification and support of import substitution process. AIC increases the market value and competitiveness of invested companies by integrating new technologies and know-how. The priority areas for cooperation are agriculture, food, industry, pharmaceuticals, logistics and renewables. AIC invests in existing (brownfield) or new (greenfield) projects with a minority shareholding (up to 30 %) and exits from the project after 5-7 years.

During recent 16 years, AIC has been cooperating with many foreign investors within the framework of various projects.

Alat Free Economic Zone

AFEZ is an important part of the general policy to develop a knowledge-based and internationally competitive economy with the goal to become a highly competitive participant in international economic relations.

AFEZ located at the intersection of international transport corridors in vicinity of the Baku International Sea Trade Port. Its unique legal base is founded on the “Law of the Republic of Azerbaijan on the Alat Free Economic Zone” adopted by the Parliament and signed by the President of Azerbaijan as a prevailing law of the Republic of Azerbaijan. In addition to business-friendly legislation, fiscal and non-fiscal incentives, AFEZ provides its clients with industrial land plots with ready-to-use off-site and on-site infrastructure and utilities.



Advantages of Alat Free Economic Zone



Exemption from customs duties and taxes on import to the free zone and export from the free zone



No personal income tax for local personnel



No social security payments and no other similar taxes and payments for foreign skilled personnel



No restrictions on foreign ownership



No requirement for a local partner



No restrictions on currency transactions or profit repatriation



Investors' property is immune from any nationalization expropriation measures or any other restrictions on private ownership



Full protection of intellectual property rights



Assistance in finding local skilled personnel

Entrepreneurship Development Fund

Entrepreneurship Development Fund of the Republic of Azerbaijan is a legal entity operating in the direction of financing and promotion of entrepreneurial activity. The fund provides soft loans, subsidies and credit guarantee schemes to greenfield and expansion projects based on innovative technologies in non-oil sector and serves to create new manufacturing, processing and infrastructure enterprises, as well as to increase the production of export-oriented products in Azerbaijan. Soft loans are offered through authorized credit institutions to predetermined priority directions in the economy of Azerbaijan. The term of the loan can vary from 3 to 10 years with the annual interest rate of 5% in local currency and grace period of up to half of the loan term.

The Small and Medium Business Development Agency

The Small and Medium Business (SMB) Development Agency of the Republic of Azerbaijan is authorized to support the development of small and medium businesses in the country by providing SMBs with a number of services as well as ensuring coordination and regulation of services rendered by government entities to SMBs. The Agency's goal is to use a flexible supervision system, broadly implemented in this area as meeting modern requirements in compliance with international experience, and effective coordination mechanisms so as to increase the contribution and share of micro, small and medium-sized businesses in the national economy, boost their competitiveness, present them with broader opportunities to access financial resources, improve mechanisms to provide them with institutional support, coordinate the activities implemented by public and private entities in this area, establish favorable business environment to ensure development of entrepreneurship in the country's regions and attract domestic and foreign investments to this area of activity.

Center for Coordination and Analysis of the Fourth Industrial Revolution

In order to strengthen the position of the Republic of Azerbaijan in the Fourth Industrial Revolution, as well as in order to carry out the analysis and coordination of challenges, initiatives, strategies and projects on the digital economy, Center for Coordination and Analysis of the Fourth Industrial Revolution under the Ministry of Economy was established.

The Center collaborates with the World Economic Forum on artificial intelligence and machine learning, internet of things and urban transformation, as well as digital trade and economy platforms. It also coordinates activities of the World Economic Forum's Affiliate Center in Azerbaijan.

Agency for Agro Credit and Development

The Agency for Agro Credit and Development under the Ministry of Agriculture of the Republic of Azerbaijan is the national executive body in charge of the implementation of crediting and management of the agricultural development projects, participating in the implementation of state support measures (subsidies, preferential loans) in the agricultural sector, promoting innovative methods and best practices in the agricultural industry, the execution of loans through participating financial institutions to support entrepreneurial initiatives, the development and the implementation of programmes for the public-private partnership in the agricultural sector. AKIA is crucial in connecting the domestic agriculture sector to finance and technology through funding projects and releasing public subsidies.

The main activities of the Agency include:

Issuance of soft agricultural loans, issuance of discounts for equipment and breeding animals;

Delivery of subsidies

- Implementation of rural development projects
- Ensurance of the development and implementation of programs within the public - private partnership in the agricultural sector.

Innovations Agency and High Tech Park

Taking into account today's world trend and 4th industrial revolution, one of the main goals of Innovations Agency under the Ministry of Digital Development and Transport of the Republic of Azerbaijan is to enhance ICT ecosystem in Azerbaijan by different approaches in order to increase non – oil sector of the country, as well as follow current world trends. Innovation Agency has a clear understanding of what potential Azerbaijan has in the field of IT and how it can benefit the country in the next future.

Today, Innovation Agency plays a role of an enabler in the ecosystem in order to enhance its efficiency and potential, by supporting financially mainly private sector players in order to encourage them step towards in IT field. Moreover, taking into account the digitalization trend and its benefits to the both public and private sector, one of the main aims of the Innovation Agency is to digitalize mainly public sector by implementing cloud systems and other digital solutions that would increase efficiency and productivity, as well as to become more transparent to the public.

Tax exemptions of High Tech Park residents



Profit and income tax other than income tax withheld from wages



Land tax starting from the fiscal year residents registered in IAA



Property tax starting from the fiscal year residents registered in IAA



Import VAT on the import of machinery, technological equipment and facilities



Custom duties on the import of machinery, technological equipment and facilities

Contacts

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THE STATE CUSTOMS COMMITTEE

www.customs.gov.az

THE SMALL AND MEDIUM BUSINESS DEVELOPMENT AGENCY

www.smb.gov.az

THE STATE STATISTICAL COMMITTEE

www.stat.gov.az

ALAT FREE ECONOMIC ZONE

www.afetz.az

SUMGAIT CHEMICAL INDUSTRIAL PARK

www.scip.az

OFFICIAL ELECTRONIC VISA PORTAL

www.evisa.gov.az

AZERBAIJAN INVESTMENT COMPANY

www.aic.az

ENTREPRENEURSHIP DEVELOPMENT FUND

www.edf.gov.az

AGENCY FOR AGRO CREDIT AND DEVELOPMENT

www.akia.gov.az

STATE TAXSERVICE

www.taxss.gov.az

PRIVATIZATION PORTAL

www.privatization.az