



Tax and Legal messenger

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

- Certain Decisions have been Adopted in Relation to the Competition Code
- Minimum Monthly Salary Amount has been Increased
- Forms of Distinction Badges Approved for Taxis and Buses
- Central Bank: Parameters of Interest Corridors

Certain Decisions have been Adopted in Relation to the Competition Code

- i. *On December 19, 2024, the Decision "On the approval of the form and submission rules of financial statements submitted by natural monopoly entities on the results of their entrepreneurial activities" (the "Rules") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

Pursuant to the Rules, natural monopoly entities should prepare their quarterly and annual financial statements and submit to the competition authority by the 20th of the month following the end of the quarter, either in writing or electronically.

The Rules is effective from July 1, 2024.

- ii. *On December 20, 2024, the Decision "On the approval of the conditions (market share limits and criteria for determination thereof) for determining the dominant position of financial institutions "" (the "Decision") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

The Decision provides a guidance on the calculation of market shares of financial institutions.

Dominant position is determined as follows:

- A financial institution is considered to hold a dominant position if it has a market share of 50 percent or more
- Financial institutions, each holding more than 10 percent market share and whose actions are coordinated, are considered to hold a joint dominant position if:
 - the combined market share of 2 institutions exceeds 50 percent
 - the combined market share of 3 or 4 institutions exceeds 70 percent

The Decision entered into force on December 20, 2024.

- iii. *On December 20, 2024, the Decision "On the approval of the criteria (total value of assets and total turnover of financial institutions participating in concentration) requiring financial institutions participating in market concentration to obtain consent from the competition authority" (the "Decision") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

Based on the Decision, financial institutions should obtain consent from the competition authority for concentration if:

- one of the financial institutions holds a dominant market position, or
- the concentration results in the creation of a financial institution holding dominant market position

Economic concentration is defined as one institution acquiring more than 20% of another institution's assets (excluding monetary funds) in the last reporting year before the concentration.

The Decision entered into force on December 23, 2024.

- iv. *On December 20, 2024, the Decision "On the approval of the Rules for assessing the objective necessity and effectiveness of the abuse of a dominant position" (the "Rules") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

Pursuant to the Rules, enterprises that are found to be abusing their dominant position may submit a petition to the competition commission within 30 days to assess the objective necessity and benefits of their actions.

The petition should include details such as the economic nature, purpose, technical and economic characteristics, scope, geographical area, and start date of the abusive actions.

The Rules entered into force on December 23, 2024.

- v. *On December 18, 2024, the Decision "On the approval of the Rules for conducting market monitoring based on the decision of the competition authority, and the form and preparation of the act on the results of the monitoring" (the "Rules") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

The Rules outline the procedures for market monitoring by the competition authority, including scheduled and unscheduled monitoring, which typically lasts up to 30 business days but can be extended if necessary. Monitoring may be suspended for up to 6 months under certain conditions.

Additionally, during monitoring relevant product market by visiting sales areas (wholesale and retail) and public catering

places, no documents can be requested from the entrepreneur, nor can actions outlined in the Law "On regulating inspections and protecting entrepreneur interests" be performed.

After completing market monitoring, a comprehensive report and relevant audiovisual materials are prepared, and the competition authority should decide whether to investigate potential violations or conclude that no violations were detected.

The Rules came into force on December 20, 2024.

- vi. *On December 18, 2024, the Decision "On the approval of the Rules for the establishment, composition, review of cases, and decision-making by the competition commission" (the "Rules") was adopted by the Cabinet of Ministers of the Republic of Azerbaijan.*

The Rules mandate the formation of a competition commission to review cases of competition legislation violations identified by the competition authority.

Furthermore, the Rules outline the commission's formation, organization, duties and rights of members, case review process, decision-making, and the submission of decisions and instructions to relevant parties.

The Rules entered into force on December 20, 2024.

Minimum Monthly Salary Amount has been Increased

On December 23, 2024, the Order "On the continuation of measures to improve the social welfare of the population" (the "Order") was adopted by the President of the Republic of Azerbaijan.

According to the Order, the amount of minimum monthly salary has been set at AZN 400, effective from January 1, 2025.

Forms of Distinction Badges Approved for Taxis and Buses

On December 3, 2024, the Decision "On the approval of the forms of distinction badge, special distinction badge, and application for the distinction badge" (the "Decision") was adopted by Ministry of Digital Development and Transport of the Republic of Azerbaijan.

With the Decision, the forms for the following badges are approved:

- (i) distinction badge (for taxpayers engaged in passenger transportation by buses and taxis)
- (ii) special distinction badge (for transportation of employees and luggage by vehicles owned by the taxpayers for the purposes of their own commercial activities)

Moreover, the application form for obtaining distinction badge is also determined by Decision.

The Decision came into force on December 10, 2024.

Central Bank: Parameters of Interest Corridors

On December 18, 2024, the Decision of the Management Board of the Central Bank of the Republic of Azerbaijan "On the parameters of interest corridors" (the "Decision") was adopted.

According to the Decision, the interest rate remains unchanged at 7.25%. Additionally, the upper limit of the interest corridor remains unchanged at 8.25%, and the lower limit remains unchanged at 6.25%.

The decision to keep the discount rate unchanged was made considering the actual and forecasted inflation being within the target range ($4\pm 2\%$) and the analysis of macroeconomic trends.

Contacts

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



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