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# The Law on Social Insurance of the Republic of Azerbaijan

According to the Action Plan approved by the Decree of the Cabinet of Ministers dated April 4, 2020, tax incentives and holidays to enterprises operating in areas affected by the pandemic are provided by the amendments to the Tax Code of the Republic of Azerbaijan.

"On July 02, 2020, the President of the Republic of Azerbaijan signed a Decree about the implementation of the Law #89-VIQD of the Republic of Azerbaijan "On Amendments to the Law of the Republic of Azerbaijan "On Social Insurance" dated May 08, 2020."

In order to reduce the social insurance burden, the rates of mandatory state social insurance fees for insured persons deriving income from activities not related to employment are as follows:

Calculation of contributions on mandatory state social insurance fees **from April 1, 2020 to January 1, 2021** by the amount of the minimum monthly salary for entrepreneurial activities as **25%** in construction and trade areas, **15%** in other areas, considering the application of the following differential interest coefficients by regions:

100% in Baku city;  
90% in Sumgayit and Ganja cities,  
80% in other cities,  
60% in administrative territorial units and settlements, which are the administrative center of district administrative territorial units,  
50% in rural areas.

Calculation of contributions on mandatory state social insurance fees **from January 1, 2021 to January 1, 2026** by the amount of the minimum monthly salary for entrepreneurial activities as **50%** in construction area, **25%** in other areas, considering the application of the following differential interest coefficients by regions:

100% in Baku city;  
90% in Sumgayit and Ganja cities,  
80% in other cities,  
60% in administrative territorial units and settlements, which are the administrative center of district administrative territorial units,  
50% in rural areas.

## Social insurance burden of employees with a fixed receipt and badge of distinction

Taxpayers carrying out passenger and cargo transportation by automobile vehicles receiving the "Distinction Badge" in accordance with the procedure established by the Tax Code of the Republic of Azerbaijan pay mandatory state social insurance fees in the amount of 6% of the minimum monthly wage.

## Reducing social burden of individuals working in agricultural area

Individuals using agricultural land owned by them, regardless of whether they have more or less land, is regularly provided with a basic social insurance fee of 6% of the minimum salary for each able-bodied family member.

Mandatory state social insurance fee for each family member of individuals using agricultural lands owned by them, depending

on the area of land, is calculated at the following rates of the minimum monthly salary:

- ▶ Up to 5 hectares - in the amount of 2%;
- ▶ From 5 to 10 hectares - in the amount of 6%;
- ▶ More than 10 hectares - in the amount of 10%.

### **Optimization of the social insurance burden of attorneys, independent accountants and independent auditors**

Mandatory state social insurance fees for members of the bar association (attorneys), independent auditors and independent accountants were paid in the amount of 20% of gross income.

Mandatory state social insurance fees for members of the bar association (attorneys), independent auditors and independent accountants to be paid in the amount of 10% after deducting expenses from their income.

## **Өңірлер**

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