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Amendments to Foreign Currency Regulations

On 26 February 2018, Management Board of the Central Bank of the Republic of Azerbaijan approved Amendments to the Regulations "On foreign currency transactions of resident and non-residents of the Republic of Azerbaijan" ("Amendment").

According to the Amendment, the term concerning advance payment indicated in clause 4.3.1.3 of the Regulations was extended up to 270 days (previously the term was up to 180 days).

Clause 4.3.1.3 of the Regulations states that in case of an advance payment, a document reflecting the purpose, terms and conditions and amount of payment is submitted to the bank. In this case, a customs declaration confirming import of goods to the country or a document confirming provision of imported services shall be submitted to the bank within 270 (two hundred and seventy) days from the date of payment.

In addition, according to the Amendment, following new clauses were added to the list of transactions where foreign currency can be transferred abroad from local bank accounts:

“4.3.2-1. transfers of residents and non-residents for intermediary activities on delivering goods to a third country without bringing to customs territory of the country. The amount of such transfers shall not exceed the amount previously transferred by the buyer of goods to the intermediary party’s corresponding bank account, and relevant agreement(s) confirming the intermediary activity shall be submitted to the bank.

4.3.4-1. transfers made by residents for the purpose of procurement of goods to the foreign country with respect to the projects they implement under the results of international tenders. Such transfers are made upon submission to the bank of a document confirming resident’s participation in the tender and the agreement entered into as a result of the tender, as well as the agreement signed with the third party on procurement of goods, the invoice or another document reflecting the purpose, amount of the payment and information on purchased goods.

4.3.7.5. payment of tourists’ travelling expenses by persons engaged in tourism activities;

4.3.7.6. payment of transport and accommodation expenses by individuals related to their visits to foreign countries;

4.3.9-1. transfer of foreign currency previously brought by a non-resident legal entity to the Republic of Azerbaijan in cash or previously transferred to that legal entity’s bank account from abroad. Such transfers are made upon submission of relevant receipt documents (original customs declaration for cash funds (where a document is developed electronically, a bank account owner shall provide getting that document electronically), or a bank document confirming credit of funds to the bank account from abroad) to the bank;

4.3.9-2. transfers related to return of funds transferred by a shareholder incorrectly or purposefully to the account of non-resident’s branch office (representative office) in the Republic of Azerbaijan in full or in the outstanding amount after use of funds (such transfers are made upon submission of a reference letter from a tax authority on absence of a tax debt of that branch (representative office) and the shareholder’s appropriate written application shall also be submitted to the bank along with a bank document confirming transfer of those funds to the account of the branch (representative office)).

4.3.12. transfers related to payment of salaries to non-residents hired from abroad by residents and non-residents under labor contracts and sending of funds transferred to non-residents’ accounts with designated banks on these grounds abroad by the non-residents. Such transfers are made on the basis of an agreement reflecting the terms and conditions for payment of salaries or a bank document confirming credit of those funds to the non-resident’s account by an employer, or on the basis of a

document generated from the Electronic Government Portal on his/her job and salary as of the payment day;

4.3.12-1. transfers related to awards and other fees paid to non-residents for results of sport competitions. Such transfers are made upon submission of a document confirming payment of relevant amounts to the bank.”

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