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Amendments to the legislation in the Republic of Azerbaijan

Amendments to the Labor Code of the Republic of Azerbaijan were adopted.

The Law of the Republic of Azerbaijan “On making amendments to the Labor Code of the Republic of Azerbaijan” #529-VIQD was adopted on May 13, 2022 and entered into legal force on June 10, 2022.

The Law has extended the list of grounds for termination of employment contracts in cases not depending on the parties' will. Hence, according to Article 74.1-1 upon the employee's application to the State Labor Inspectorate Service, an employment contract concluded with a natural person acting as an employer can be deemed terminated on the following grounds:

- ▶ if the natural person acting as an employer is deceased, declared missing or dead based on a court decision that has entered into legal force;
- ▶ if the natural person acting as an employer is detained by a court or imprisoned based on a court decision that has entered into legal force;
- ▶ if the natural person acting as an employer is declared incapacitated or limited in capacity based on a court decision that has entered into legal force;
- ▶ if the natural person acting as an employer is put on the wanted list in accordance with the Code of Civil Procedure and the Code of Criminal Procedure of the Republic of Azerbaijan;
- ▶ if a foreign national or a stateless person acting as an employer is subjected to administrative deportation from the Republic of Azerbaijan in accordance with the Code of Administrative Offences of the Republic of Azerbaijan.

It is further stated that if the employment contract is deemed terminated on the above grounds it does not release the parties of the employment contract or the heirs of a deceased employer (within the limits of the inheritance share) from the obligations stipulated in the labor legislation.

The Tax Code of the Republic of Azerbaijan has been amended.

The Law of the Republic of Azerbaijan “On making amendments to the Tax Code of the Republic of Azerbaijan” #534-VIQD which was adopted on May 13, 2022 and entered into legal force on June 10, 2022 has expanded the types of income of individuals exempt from income tax.

Thus, pursuant to the newly added Article 102.1.22-2 dividends, discounts (difference resulting from the placement of bonds below par value) and interest income paid on shares and bonds mass-offered and traded on the regulated market are exempt from income tax for a period of 5 (five) years from February 1, 2023.

The withholding tax on the discount and interest income paid on the bond is calculated proportionally to the number of days the bondholder holds the bond.

Amendments to the Law of the Republic of Azerbaijan “On information, informatization and protection of information” were adopted.

By the Law “On making amendments to the Law of the Republic of Azerbaijan on information, informatization and protection of information” which was adopted on May 27, 2022 and entered into legal force on July 6, 2022 new definitions such as critical information infrastructure, cyber security service provider, information security, cyber threat, cyber attack and cyber incident were added to the Law.

In addition, a new chapter named “Security of critical information infrastructure” has been included, which covers the following topics:

- ▶ the procedure for ensuring the security of critical information infrastructure;
- ▶ critical information infrastructure objects;
- ▶ information security management system for critical information infrastructure;
- ▶ critical information infrastructure security requirements;
- ▶ organization of activities to ensure the security of critical information infrastructure;
- ▶ control over the security of critical information infrastructure objects.

The Code of Administrative Offences of the Republic of Azerbaijan has been amended.

In connection with the adoption of amendments to the Law “On information, informatization and protection of information” two new articles were added to the Code of Administrative Offenses.

Article 371-1 envisages liability for violation of the order of ensuring the security of critical information infrastructure through the following actions:

- ▶ violation of general and specific security requirements for a critical information infrastructure object by the owner of the infrastructure, its official or a provider (vendor) providing cybersecurity services to it;
- ▶ violation of requirements for the creation and functionality of the information security management system of critical information infrastructure;
- ▶ failure of a critical information infrastructure subject to report cyber threats, cyber attacks, cyber incidents and attempts to commit such acts against a critical information infrastructure object to the relevant state authority in the prescribed manner.

Article 602-3 envisages liability for failure to fulfill the requirements of the authorized body (official) in the field of ensuring the security of critical information infrastructure.

Amendments to the Laws of the Republic of Azerbaijan “On the protection of public health”, “On private medical activity”, “On lotteries”, “On physical culture and sport” were adopted.

The Law of the Republic of Azerbaijan “On making amendments to the Laws of the Republic of Azerbaijan on the protection of public health, on private medical activity, on lotteries, on physical culture and sport” #541-VIQD was adopted on May 27, 2022 and entered into legal force on July 1, 2022.

As per the changes, payments exceeding AZN 500 per transaction for medical services provided by medical institutions (including private medical institutions) shall be made only in cashless form.

Furthermore, according to changes in the Laws “On lotteries” and “On physical culture and sport” payments related to winnings and participation in games for a total amount of more than AZN 3000 shall be made only in cashless form.

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