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Amendments to the legislation of the Republic of Azerbaijan in connection with the provision of tax and other benefits to persons engaged in activities in the field of information technology

From 1 January 2023 a number of amendments to the legislation of the Republic of Azerbaijan in connection with the provision of tax and other incentives to persons engaged in activities in the field of information technology will take effect.

According to the amendments to the Tax Code of the Republic of Azerbaijan:

- ▶ IT business entities carrying out activities on system integration, software design and development that have received a certificate of registration in the technology park, but operate outside the technology park will also be considered residents of the technology park.
- ▶ Income tax on monthly income from salaries of individuals employed by taxpayers carrying out system integration, software design and development activities that operate outside the technology park as residents of the technology park will be levied as follows: 2.1. 0% on monthly income up to AZN 8,000, 5% on the amount over AZN 8,000 for 3 years from January 1, 2023; 2.2. 5% of monthly income for 7 years from January 1, 2026.
- ▶ Exemption of income of individuals engaged in entrepreneurial activity without the establishment of a legal entity that is a resident of industrial or technological parks established on the basis of a decision of the relevant executive authority from activities in the park of industry and technology (with the exception of income tax withheld from salaries) from income tax for 10 years, starting from the reporting year in which they are registered in the park of industry and technology in accordance with the legislation will also apply to income received by individuals, engaged in system integration, software design and development activities outside the technology park as a resident of the technology park, from this activity (including from improvement, technical support and training services provided to customers in connection with these activities).

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