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Client alert of GRATA International Azerbaijan

A draft law containing amendments to the Law «On Road Transportation» providing for certain provisions in the regulation of taxi operations, as well as draft laws «On Public Procurement» and «On Payment Services and Payment Systems» are currently under consideration of the Parliament of the Republic of Azerbaijan. If the amendments to the Law «On Road Transportation» are adopted, these amendments will enter into force on 1 October 2023. The new Law «On Public Procurement» will enter into force after 6 months from the date of official publication, and the new Law "On Payment Services and Payment Systems" will enter into force in 3 months from the date of its official publication after its adoption by the Parliament of the Republic of Azerbaijan.

Changes will be made to the Law «On Road Transportation» in the field of taxi regulation, and control over the issuance of licenses will be tightened.

In particular, the following definitions were provided by the document:

1. **taximeter** – a special measuring device or software with fiscal memory, designed for a passenger car-taxi, providing accounting for the distance traveled and the duration of downtime of a passenger car-taxi, calculating the fare and informing the passenger about it;
2. **taxi ordering service** – a paid service using telecommunication means, related to receiving an order from a person wishing to order a passenger car-taxi and transferring it to a person carrying out this transportation;
3. **taxi order operator** – a legal entity or individual entrepreneur providing services for ordering taxis to persons carrying out passenger transportation by passenger cars-taxis;
4. **permit** – permission issued to legal entities or individual entrepreneurs to carry out activities in the field of passenger or cargo transportation;
5. **permit card** – a card with an attachment to the permit, issued for vehicles owned, leased or used by legal entities or individual entrepreneurs.

In order to regulate the activities of taxi, legal entities and individual entrepreneurs willing to provide passenger transportation services will be required to obtain the following documents:

1. a permit for passenger carriage by taxi;
2. permission to provide the service of a taxi order operator.

Carrying out the activities of a taxi order operator without permission or on the basis of permission belonging to other persons is prohibited.

Once this law gets into force, Law 245-IIQ of 27 December 2001 «On Public Procurement» shall become invalid. The main directions of regulation in the draft law will be related to the organization of the procurement process, depriving suppliers of the possibility of abuse, as well as supervision of procurement by state bodies.

According to the pending amendments:

An advance guarantee – is a guarantee issued by the winning supplier to the procuring entity in the form of a guarantee, insurance coverage, letter of credit, deposits and other financial assets for liabilities in the event that the advance is not used for its intended purpose, if performance of the procurement contract is not commenced or if the procurement contract is not performed.

A framework agreement is an agreement concluded between a procuring entity and two or more suppliers who meet the requirements defining the conditions of purchase of the subject matter of the procurement concerned during a budget period that is periodic or recurrent, and whose volume and total value cannot be fully determined in advance.

Procuring entities will be state bodies, extra-budgetary state funds, public legal entities established on behalf of the state, legal entities in which the state has a controlling interest, and other state institutions and organizations (offices) acquiring the subject matter of the procurement.

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