



## Tax and Legal News

### **Mechanism for providing financial support to entrepreneurs affected by the coronavirus (COVID-19) pandemic**

As mentioned in our previous newsletter, on 4 April 2020 the Cabinet of Ministers of the Republic of Azerbaijan has approved the Action Plan on “Measures to be taken to reduce the negative impact of the coronavirus (COVID-19) pandemic triggering sharp fluctuations in world energy and stock markets, on the economy of the Republic of Azerbaijan, as well as macroeconomic stability, employment issues in the country and business entities operating in the affected areas” within the course of implementation of Article 10.2 of the Order No. 1950 of the President of the Republic of Azerbaijan dated 19 March 2020.

In this regard, the official website of the Ministry of Economy of the Republic of Azerbaijan has announced the mechanism for providing financial support to entrepreneurs affected by the Coronavirus (COVID-19) pandemic.

The actions are to be implemented in three stages. The following are going to be initial measures put in action:

- ✓ Partial payment of salaries of employees working under employment contracts in order to prevent the number of job reductions in the areas affected by the pandemic - part of the salary and the corresponding social insurance contributions to be paid to employees will be transferred to employers' bank accounts. Compensation amount will not exceed the average monthly salary (**AZN 712**) for employees with income higher than the average monthly salary.
- ✓ Providing financial support to individual (micro) entrepreneurs - this financial support applies to taxpayers who paid taxes, compulsory state social insurance contributions and unemployment insurance contributions in 2019, and the allocated funds will be transferred to the bank accounts of such individual entrepreneurs. If the amount of payment of the individual (micro) entrepreneur to the state budget in 2019 was less than **AZN 250**, financial support will be set in the amount of **AZN 250**.

Applications for the financial support shall be submitted through the taxpayers' electronic cabinet within the Internet Tax Office.

Additionally, with the Decree dated 7 April 2020 the Cabinet of Ministers of the Republic of Azerbaijan has approved "Conditions and procedure for payment of lump sum amounts to persons registered as unemployed due to the application of a special quarantine regime during the coronavirus (COVID-19) pandemic."

The decision envisages a lump sum payment of **AZN 190** per month to persons registered as unemployed in the "Employment" subsystem of the centralized electronic information system of the Ministry of Labor and Social Protection of the Republic of Azerbaijan during the special quarantine regime in connection with the coronavirus (COVID-19) pandemic.

Please feel free to contact us with any related questions.

Regards,

Deloitte Azerbaijan Tax and Legal Team



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