

Approved
The Central Bank of the
Republic of Azerbaijan
Resolution № 45/1

28 November 2016

Regulations
on currency operations of residents of the Republic of Azerbaijan in foreign
currency, and non-residents in national and foreign currencies

1. General provisions

1.1. *These Regulations have been developed in line with the Laws of the Republic of Azerbaijan on Currency Regulation, on Banks, on Postal Service, on Protection of Foreign Investments and regulate currency operations of residents in foreign currency and non-residents in national and foreign currencies conducted via banks, except for banks operating in the Republic of Azerbaijan, local branches of foreign banks, and the national operator of postal communication (hereinafter – banks). These Regulations also determine the cases and conditions for opening foreign currency denominated accounts of other residents beyond the Republic of Azerbaijan except for the subjects whose operations are supervised in financial markets (persons licensed in the securities market, credit institutions, and professional participants of the insurance market, investment funds and their managers).*

1.2. Currency operations of residents and non-residents specified herein comply with the requirements of the Law of the Republic of Azerbaijan on Legalization of Criminally Obtained Funds and Other Property and the Financing of Terrorism.

1.3. *Currency operations in the Alat free economic zone are regulated under the requirements of the Law of the Republic of Azerbaijan on Alat Free Economic Zone.*

2. Definitions

2.1. The definitions herein shall bear the following meanings:

2.1.1. bank account – current, savings, deposit and other account opened for customers in bank balance;

2.1.2. imported services – services supplied and works done by non-residents in the Republic of Azerbaijan, as well as services supplied and works done outside the country in favor of residents *and non-residents*.

2.2. The definitions – ‘foreign currency’, ‘residents’, ‘non-residents’, and ‘currency operations’ used for the purposes of these Regulations are understood as specified in the Law of the Republic of Azerbaijan on Currency Regulation, the definition ‘the national operator of postal communication’ – as specified in the Law of the Republic of Azerbaijan on Postal Communication, and the definition ‘commercial notification’ – as specified in the Law of the Republic of Azerbaijan on Electronic Trade.

3. Foreign currency operations conducted without opening bank accounts

3.1. Foreign currency denominated money transfers within and from the Republic of Azerbaijan without opening bank accounts are conducted solely by resident and non-resident individuals. Resident and non-resident legal entities are not allowed to conduct foreign currency denominated money transfers without opening bank accounts.

3.2. Banks receive and pay any funds on any money transfers received in favor of resident and non-resident individuals without opening banks accounts without any limits. The transferred foreign currency funds are either paid to a funds receiver in cash or transferred to his/her bank account by his/her order.

3.3. Resident and non-resident individuals may transfer foreign currency denominated funds outside the Republic of Azerbaijan without opening a bank account in the amount of USD 1000 (one thousand) per operation day and USD 10.000 (ten thousand) equivalent within a *calendar* month.

4. Foreign exchange operations on banks accounts

4.1. Funds, received in cash and non-cash to foreign currency accounts of residents and non-residents may be freely credited to their accounts by banks without any restriction.

4.2. Transfers in foreign currency within the Republic of Azerbaijan from bank accounts of residents and non-residents are maintained without any restrictions upon observing the requirements of Section III, Article 19 of the Constitution of the Republic of Azerbaijan.

4.3. Foreign currency denominated transfers from bank accounts from the Republic of Azerbaijan are conducted on the following types of operations:

4.3.1. operations on funds transferred, including advance payments by residents and non-residents on reimbursement for goods and services imported to the Republic of Azerbaijan;

4.3.1.1. where payment is related to import of goods, the original of an import agreement, or a notice, reflecting the purpose of payment, and information on imported goods, invoice or other documents, as well as a customs declaration confirming import of goods are delivered to the bank (*or a supporting document specified in the acts of the Universal Postal Union with respect to goods sent via international postal dispatches not implied for commercial and production purposes of resident or non-resident individuals*) (when a customs declaration is developed electronically, a bank account holder should ensure that the document is obtained electronically).

4.3.1.2. when payment is related to import of services, a service agreement, or a notice reflecting the purpose of payment, amount and information on services, an invoice or other documents, as well as documents confirming supply of services (an acceptance act (*invoice on supply of services for vehicles outside the republic may be produced as a document confirming supply of services*) or another document) are delivered to the bank.

4.3.1.3. in case of down payment, a document reflecting the purpose, terms and conditions and amount of payment are delivered to the bank. Customs declaration confirming import of goods (supply of services) (document confirming supply of services) in exchange for down payment should be delivered to the bank or the person or the third party in whose favor down payment is made should refund the amount paid. If relevant documents are not delivered to the bank or prepaid amount is not refunded at the latest within 2 (two) years after the payment is made and outstanding amount of goods not imported (services not supplied) or advance payments not refunded exceeds \$10000 (ten thousand), the bank delivers all documents related to advance payments to the Central Bank of the Republic of Azerbaijan within 5 (*five*) days.

4.3.1.4. cost of goods (services) on the import agreement may be paid only by the person who buys goods (services).

4.3.1.5. if an import agreement is signed for the favor of the third party, cost of goods (services) may be paid by the third party who buys goods (services) and/or the person who enters into the agreement under the terms and conditions of the import agreement. Such payments are executed by delivery of a relevant agreement and a customs declaration verifying import of goods (services) to the country (document confirming supply of services) in the order specified in sub-items 4.3.1.1. and 4.3.1.2. herein. If advance payment is implied during such operations, an advance payment regime specified in sub-item 4.3.1.3. herein shall apply.

4.3.2. *transfers of residents and non-residents on re-export operations. If such transfers are made prior to import of goods from a foreign country, an advance payment regime specified in sub-item 4.3.1.3. herein shall apply.*

4.3.2-1. *transfers of residents and non-residents for intermediation activities on delivery of goods to a third country without bringing to customs areas of the country. The amount of such transfers should not exceed the amount previously transferred to the account of the intermediary with a designated bank by the goods purchaser and relevant agreement(s) confirming the intermediation activity should be presented to the bank.*

4.3.3. refund by residents and non-residents on prepaid but not executed export agreements. Such transfers are made by delivery of a bank document confirming advance debit of the payment on an export agreement to accounts of those persons.

4.3.4. transfers to branches and representative offices of resident legal entities, as well as affiliates and subsidiaries upon declaration of the purpose.

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

4.3.5. transfers directed at repayment of loans attracted from abroad, and other debt liabilities, interest, commissioning fees and fines and penalties on the said debt liabilities. Such payments shall be made upon delivery of a contract verifying obtaining of a loan or a document confirming creation of other debt liabilities by residents and non-residents. *Where debt funds are credited to bank accounts of residents and non-residents with foreign banks, such transfers are made in the amount used from debt funds upon additional delivery of documents confirming use of debt funds for the purposes specified in section 4 herein and a bank statement showing the size of used funds (where debt funds transferred to foreign bank accounts of residents or non-residents for advance payments to import goods or services to the Republic of Azerbaijan, an advance payment regime under sub-item 4.3.1.3 herein shall apply from the day the funds are transferred from the account of the very resident or non-resident with the designated bank to pay debts).*

4.3.6. transfers related to maintaining residents' and non-residents' court, arbitrage, and notary expenses, state duties, other mandatory payments, tuitions, pensions, and similar transfers, as well as transfer of amounts on non-resident's heritage (funds received on heritage, or sale of inherited property). Such transfers are made based on documents reflecting the core and purpose of payments.

4.3.6-1. *transfer of the grant amount left in the form of funds at the disposal of a recipient entitled to receive grants under the Law of the Republic of Azerbaijan on Grants. Such transfers are made upon delivery of a document on registration of a grant agreement (decision) in accordance with the grant legislation and a bank document confirming the entry of funds to the recipient's account from abroad along with a grant agreement (decision), provided that the agreement (decision) stipulates that funds, left in the recipient's disposal after the project, the subject of the grant, is completed, will be returned.*

4.3.6-2. *Transfer of the grant amount given to foreign recipients on behalf of the state of Azerbaijan, as well as legal entities and individuals of the Republic of Azerbaijan (a branch or a representative office of the legal entity of the Republic of Azerbaijan), as well as the sub-grant amount given to a foreign recipient for the implementation of the grant agreement (decision) from the amount received on the grant agreement (decision) to the third person not specified in the said agreement (decision) as a recipient. Such transfers are conducted by submission of a certificate of registration of the grant (sub-grant) agreement (decision) along with the grant (sub-grant) agreement (resolution) according to the legislation on grants (except for the grants allocated by the state of Azerbaijan);*

4.3.6-3. *transfer of insurance payments to non-residents by insurers. Such transfers are conducted by submission of an insurance agreement (certificate) and the documents that substantiate insurance payment according to the requirements of Article 933 of the Civil Code of the Republic of Azerbaijan;*

4.3.7. *transfers by residents and non-residents for the following purposes (at that an agreement between parties, invoice confirming the purpose and amount of payment, or electronic commercial notice is presented as documentary evidence):*

4.3.7.1. *payment of participation fees at international organizations, conferences, exhibitions and other events;*

4.3.7.2. *payment of subscription fees for or placement of announcements in foreign print products, libraries, databases and bulletins (including electronic);*

4.3.7.3. *payment of education and medical treatment fees by residents and non-residents of themselves or other individual(s) (when paying tuition fees a letter from an educational institution confirming the purpose and amount of the payment and the bank account number may replace the invoice);*

4.3.7.4. *payment of use of copyright, and patent and franchising;*

4.3.7.5. *payment of tourists' travelling expenses by persons engaged in touristic activities;*

4.3.7.6. *payment of travelling and accommodation expenses related to visits by individuals to foreign countries.*

4.3.8. *transfers for personal use:*

4.3.8.1. *transfers to close relatives (spouses), parents, including in-laws, grandparents, grandchildren, children, adoptees, sisters and brothers) of a resident individual or to his/her own account; such transfers may be conducted in the amount of USD 10000 (ten thousand) equivalent over a calendar month on the basis of documents confirming relationship or documents confirming the fact that the account belongs to him/her.*

4.3.8.2. *transfer of foreign currency of a resident or non-resident individual previously brought to the Republic of Azerbaijan in cash or transferred to that individual's bank account from abroad, including funds received to that individual's name from abroad without opening a bank account via a money transfer system. Such transfers shall be maintained by presenting relevant debit documents (original customs declaration for cash funds (when the document is developed electronically,*

a bank account holder shall ensure electronic obtaining of the said document), or a bank document confirming receipt of funds to the bank account from abroad, or receipt of funds via the money transfer system) to the bank;

4.3.8.3. transfer of a resident or a non-resident individual, in the amount of USD 1000 (one thousand) per operation day, and USD 10000 (ten thousand) equivalent a *calendar* month upon declaration of the purpose except for the cases specified in sub-items 4.3.8.1 and 4.3.8.2 herein;

4.3.9. transfers related to payment of dividends for non-residents. When such payments are made, a document confirming participation of a non-resident in capital (property) of a resident legal entity (share in share investment fund, in a pool of property), as well as documents including terms and conditions of and amounts of payments of dividends are delivered to a bank;

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 the legal entity's bank account from abroad. Such transfers are made upon delivery of relevant crediting documents (original customs declaration for cash funds (where a document is developed electronically, a bank account owner should generate 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 founder erroneously or purposefully to the non-resident's branch (representative office) in the Republic of Azerbaijan in full or in the amount left after use of funds (to make such transfers a reference from a tax authority on absence of a tax debt of that branch (representative office) and the founder's appropriate written appeal are delivered to the bank along with a bank document confirming transfer of those funds to the account of the branch (representative office)).

4.3.10. transfers by *or in favor of* non-residents for the purpose of repatriation of foreign investments to the economy of the Republic of Azerbaijan. Such transfers are made by delivery of documents to the bank confirming foreign investments (when funds are brought to the Republic of Azerbaijan in cash, a customs declaration confirming their bringing to the Republic of Azerbaijan or an excerpt from a bank account confirming transfer of funds to the Republic of Azerbaijan and a documentary evidence on investment of those funds);

4.3.11. transfers related to income non-residents generated with respect to investments to the Republic of Azerbaijan and other amounts, including compensations and loss coverage amounts. Such transfers are made upon delivery of a reference confirming payment of relevant taxes of tax authorities or tax agencies, or a relevant documentary evidence on tax exemption to the bank;

4.3.12. transfers related to payment of salaries to non-residents attracted from abroad by residents and non-residents under labor agreements and sending of funds transferred to non-residents' accounts with designated banks on these grounds abroad by the non-residents in question. 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 delivery of a document confirming payment of relevant amounts to the bank;*

4.3.13. the following currency operations of resident and non-resident individuals and legal entities with respect to capital movement based upon relevant documentary evidences:

4.3.13.1. transfers on investments to authorized capital of the legal entity founded outside the Republic of Azerbaijan;

4.3.13.2. transfers with the purpose of purchase of securities (*where it is required to transfer funds to a dedicated bank account with a foreign financial institution, a document confirming the funds from the very account will be used solely for transactions in the securities market is delivered to the bank*);

4.3.13.3. transfers on payment for property right on buildings, including land and subsurface, devices, as well as property right on other real estate under the host country legislation, and other rights on real estate.

4.4. If imported goods and services are implied for the needs of defense and national security, and if there is a special assignment (decision, order, request, instructions) of the Cabinet of Ministers of the Republic of Azerbaijan for the execution of transfers specified in sub-item 4.3.1. herein, transfer operations are executed without requiring any import contracts, customs declarations and any other documents. In this case, a copy of the document confirming the special assignment is kept with the bank.

5. Documentary evidences on currency operations

5.1. Currency operations of residents and non-residents are maintained by delivery of the documents specified herein to the bank.

5.2. A bank makes a note on documents confirming imported goods and services (if the amount in the document is not transferred in full, the amount executed shall be indicated), bank's responsible person signs and puts a stamp on the document, a copy of the document is kept with the bank. The bank makes a note on the front side of the customs declaration confirming import of goods, as well as bringing of foreign currency in cash to the country. If payment on the customs declaration is made in full or in the amount of last outstanding amount, the original of the document shall be kept with the bank that executed the final payment.

5.3. If the customs declaration confirming the currency operation is developed electronically, a bank's responsible person electronically makes a note on the document on full or partial execution of the payment.

6. National currency denominated operations of non-residents

Non-residents may use their national currency denominated accounts opened with designated banks in accordance with the regulations on maintenance of national currency denominated bank accounts of residents.

7. Opening of foreign currency denominated bank accounts of residents beyond the Republic of Azerbaijan

7.1. Residents may freely open foreign currency denominated accounts beyond the Republic of Azerbaijan.

7.2. When opening a foreign currency denominated account beyond the Republic of Azerbaijan for entrepreneurial activities residents should obtain a certificate-duplicate from tax authorities under Article 16.1.11 of the Tax Code of the Republic of Azerbaijan and submit its notification part to the tax authority by making relevant notes until the date operations are maintained on the account.