

# THE LAW OF THE REPUBLIC OF AZERBAIJAN

## on Cashless Settlements

This Law shall determine legal and economic grounds of cashless settlements conducted in the territory of the Republic of Azerbaijan in accordance with Article 94 Part I Item 15 of the Constitution of the Republic of Azerbaijan.

### Chapter 1 General provisions

#### Article 1. The goal of cashless settlements

The goal of this Law shall be to ensure transparency of operations and settlements between participants of civil circulation in the territory of the Republic of Azerbaijan and protection of the rights of consumers, stimulate replacement of cash settlements with cashless settlements and accelerate the development of the banking system.

#### Article 2. The legislation on cashless settlements

2.1. The legislation on cashless settlements shall consist of the present Law, the Civil Code of the Republic of Azerbaijan, the Tax Code of the Republic of Azerbaijan and normative legal acts adopted in accordance with them.

2.2. *The legislation on cashless settlements shall not apply to the Alat free economic zone.*

### Chapter 2 Regulation of cashless settlements

#### Article 3. Cashless settlements

3.1. Cashless settlements shall be defined as settlements conducted:

3.1.1. by transferring funds from one person's bank account to another person's bank account (including those conducted with payment instruments (payment cards, payment orders, etc.) and payment facilities (mobile phones, computers and other devices));

3.1.2. with payment terminals;

3.1.3 by direct cash transfer to the sellers' bank accounts.

3.2. Cashless payments on settlements between the parties both of whom are taxpayers may be made only as per Article 3.1.1 of this Law.

3.3. Taking into account the provisions of Article 3.5 of this Law, settlements on payments by taxpayers registered for VAT purposes and those engaged in ~~trade and (or)~~ public catering activities whose volume of taxable transactions exceeds two hundred thousand manats in any month(s) of a consecutive 12-month period amounting to total thirty thousand and amounting to total over fifteen thousand by other taxpayers over a calendar month should only be made in a cashless manner.

3.3-1. *The cap of the amount that can be paid in cash per day for individuals involved in seasonal work based on civil legal contracts directly related to production of agricultural products shall be set twenty manats and that amount shall not be included in the cash transaction limit set in Article 3.3 of this Law.*

3.4. Irrespective the provisions of Article 3.3 of this Law, the following settlements shall be conducted only in a cashless manner:

3.4.1. payments for taxes, customs duties, administrative forfeiture set by the legislation, financial sanctions and interests, debts for leasing operations and issue of loans;

3.4.2. payments set in accordance with the Laws of the Republic of Azerbaijan 'on Insurance Activity' and 'on Compulsory insurances';

3.4.3. service fees and other duties proceeded to public authorities, state owned legal entities and legal entities with majority stake owned by government, budget organizations and legal entities of public law (*in consideration of the provisions of Article 3.4.12 of the present Law*).

3.4.4. salaries paid by other persons (including those paid by employers, other payments stipulated by the legislation), pensions, scholarships, financial aid, allowances (including one-time allowances), compensation and reparations paid by legal entities, except for persons engaged in retail trade, catering and services, the volume of transactions of which in any consecutive 12-month(s) period is up to two hundred thousand manats;

3.4.5. payments for landline phone services and utilities;

3.4.6. payment and return of non-interest bearing funds (except for payments from non-taxpayers) and other allocations;

3.4.7. use of funds generated from public procurement contracts (disbursement);

3.4.8. education fee payments;

3.4.9. payments to travel agencies;

3.4.10. *payments for car sales in a specialized manner, including through consignment dealers and trade outlets;*

3.4.11. *payments over four thousand manats per transaction for sale of goods (except for cars) in retail sale;*

3.4.12. *payments over five hundred manat per transaction for medical services provided by healthcare institutions and individuals engaged in private medical practice;*

3.4.13. *Winnings (prizes) with a total amount of more than three thousand manats and payments (money deposits) related to participation in games determined by relations regulated by the Laws of the Republic of Azerbaijan 'on Lotteries' and 'on Physical Culture and Sports';*

3.4.14. *payments made in connection with purchase and sale of real estate, the share fee of a member of a housing cooperative, and purchase of residential and non-residential areas from persons engaged in building construction activities;*

3.4.15. *payments for purchase and sale of precious stones, precious metals, including products made of precious stones and precious metals and cultural products, total amount of which exceeds fifteen thousand manats;*

3.4.16. *payments for purchase and sale of movable property registered in official registers (except for sale of cars) with a total amount exceeding fifteen thousand manats.*

3.5. Taxpayers shall be allowed to buy from non-taxpayer individuals in cash the following products:

3.5.1. agricultural products from agricultural producers;

3.5.2. non-ferrous and ferrous steel scarp;

3.5.3. paper, glass and plastic ware for utilization and other purposes;

3.5.4. waste tires for utilization purposes;

3.5.5. *procurement (purchase) of raw leather.*

3.6. *Settlements provided for in Article 3.4.4 of the present law shall not apply to subjects of operational search, intelligence and counter-intelligence activities.*

#### **Article 4. Responsibility for the violation of the Law**

4.1. The relevant executive authority shall exercise control over compliance with the requirements of the present Law.

4.2. Violation of the requirements of the present Law shall entail liability determined by the law.

#### **Article 5. Enforcement of the Law**

Article 3.3 of this Law shall take effect on 1 January 2017 for taxpayers registered for VAT purposes and whose taxable transactions exceed two hundred thousand manats in any month(s) of a consecutive 12-month period, and on 1 April 2017 for other taxpayers.

**Ilham ALIYEV,**  
**President of the Republic of Azerbaijan**

Baku city, 16 December 2016

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