

Bureau 28a

# LEGAL UPDATES\*

# Digest

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# RULES UNDER COMPETITION CODE



Several regulations under the Competition Code have been adopted by the Cabinet of Ministers of the Republic of Azerbaijan:

## Competition Commission

The Rules adopted by the Cabinet through Resolution No. 527, dated 18 December 2024, set out the framework for establishing the competition commission, defining its composition, functions, and decision-making procedures.

The Commission is convened by an order of the head of the competition authority upon identifying indications of competition law violations during investigations and inspections. It is responsible for reviewing cases related to anti-competitive conduct and ensuring the enforcement of its rulings. All decisions are issued in writing or electronically, and affected parties retain the right to file a complaint for the actions of officials.

### **Market Monitoring**

The Rules adopted through Resolution No. 528, dated 18 December 2024, establish the regulatory framework for market monitoring carried out by the competition authority.

The Rules, developed in accordance with Sub-Section 44.2 of the Code, govern both scheduled and unscheduled market monitoring to examine competitive conditions, identify legal infringements, and facilitate regulatory interventions. The results from this process are compiled into a formal report, serving as the foundation for subsequent analysis and decision-making.

### **Rules of Financial Reporting by Natural Monopolies**

The Rules adopted by the Cabinet through Resolution No. 529, dated 19 December 2024, set out the requirements for natural monopoly entities to submit financial statements for their business operations.

Under the Rules, natural monopolies are required to submit to the competition authority regular financial reports, including a balance sheet, profit and loss accounts, statement of changes in equity, cash flow statement, and selected explanatory notes. Additionally, they must provide a year-end report detailing their assets, liabilities, capital, revenues, customer reimbursements, and investment project allocations. The submitted financial data enables the authority to assess market positions, monitor financial trends, and determine whether an entity continues to qualify as a natural monopoly or has transitioned to a competitive market structure.

The reports must be submitted in written or electronic form no later than the 20th day of the month following the end of each quarter. Non-compliance with these reporting obligations may lead to enforcement measures by the competition authority.

### **Determination of Dominance in Financial Sector**

The Rules adopted by the Cabinet through Resolution No. 530, dated 20 December 2024, establish the criteria for determining the dominant position of financial institutions, including market share thresholds and assessment methodologies. Various financial indicators, such as revenue and transaction volume are considered when assessing dominance, under the Rules. A financial institution is deemed dominant if it holds a market share of 50 percent or more; additionally, two institutions with a combined market share exceeding 50 percent, or three to four institutions jointly holding more than 70 percent, are classified as jointly dominant.

### **Abuse of Dominant Position**

The Rules adopted by the Cabinet through Resolution No. 531, dated 20 December 2024, set out the principles for assessing the objective necessity and efficiency of practices that may constitute an abuse of dominance.

A business may apply to the competition commission within 30 days of the date of submission of its decision to the parties to a case regarding abuse of a dominant position to justify the necessity or efficiency of its conduct. The assessment process takes into account several important criteria, including economic efficiency, innovation, investment growth, and technical constraints. The burden of proof rests with the business.

### **Market Concentration in Financial Sector**

The Rules adopted by the Cabinet through Resolution No. 532, dated 20 December 2024, establish the criteria requiring financial institutions involved in market concentration transactions to obtain prior approval from the competition authority. According to the Rules, any transaction requires approval from the competition authority if one of the participating financial institutions holds a dominant position in the market or if the transaction results in the formation of a dominant financial institution. Transactions carried out as part of a resolution process are exempt from this requirement; however, the Central Bank must notify the competition authority within seven business days.

Market concentration is deemed to occur when a financial institution acquires more than 20 percent of another institution's assets.

### **Forthcoming Regulatory Developments**

In addition, several further rules and regulations under the Code are expected to be adopted, including (1) Criteria for Permissible Agreements and Exemptions from Competition Law; (2) Definition of Relevant Markets and Methodologies for Calculating Market Shares; (3) Assessment Rules for Market Concentration Transactions; (4) Procedures for Inspections of Market Participants and Natural Monopolies; (5) Rules for Management of Confiscated Goods; and (6) Methodologies for Calculating Financial Sanctions against Competition Law Violations.

## REGULATIONS OF NATIONAL SPATIAL DATA SYSTEM



The Azerbaijani national spatial data is any information directly or indirectly related to a specific location, territory, and geographical region within the territory of the Republic of Azerbaijan. The National Spatial Data system is a Government-owned information system collecting, processing, managing, integrating, and providing services of the national spatial data. Just as any geographical information system (GIS), the system is a framework for gathering, managing, and analyzing spatial and geographic data, this time, particularly to Azerbaijan.

The rules of developing and integrating the national spatial data have been effective since 29 December 2018 when the Ministry of Economy was tasked to develop the National Spatial Data system and have it integrated into the E-Government Information System. The Cabinet of Ministers was contemporaneously tasked to draft Regulations of the National Spatial Data system. The Regulations were approved on 10 January 2025 by the president of the Republic.

Under the regulations, the stated objective of the system is to ensure, through the use of digital and communication technologies, efficiency, flexibility, and transparency of operations of public agencies, companies, and institutions, including local governance, and of their relations with entities and individuals, as well as systematization and accessibility of the services provided by, and of data stored in, the system.

The system is implemented to:

- develop and integrate technical specifications for the national spatial data, national spatial data, and metadata;
- achieve efficient management of public funds to eliminate duplication of efforts in developing the national spatial data;
- ensure accessibility and on-demand availability of the developed spatial data; and
- provide real-time, high-quality, and efficient services of the national spatial data.

The regulations govern data in the system that is disclosable. Holders of the information are public agencies to be listed by the Cabinet of Ministers.

.The system has the following subsystems:

1. integration, converts original data provided by participants of the system into a unified format and structure, and includes data into the system of participants who do not have information systems or resources;
2. data processing, processes and interconnects data and metadata entered into the system by participants;

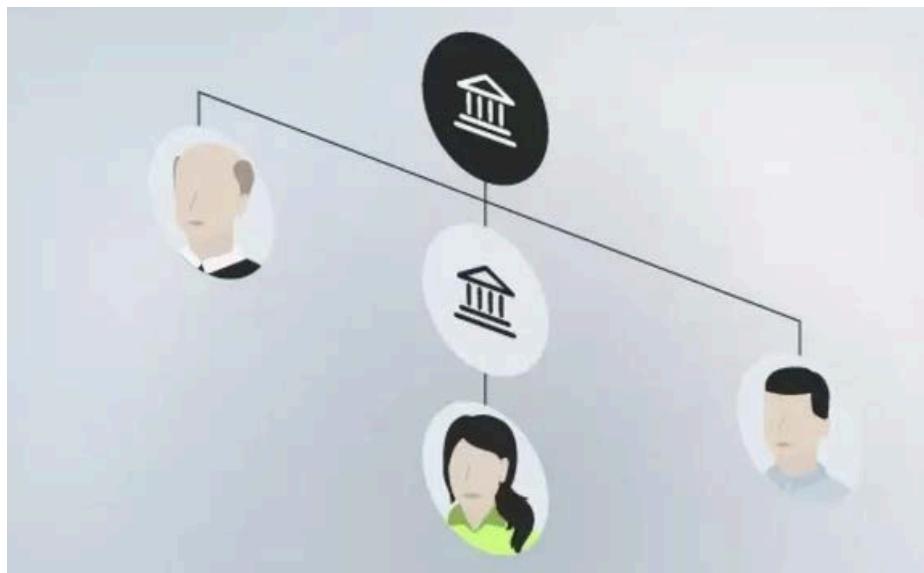
3. data monitoring, verifies compliance and relevance of data and metadata entered by participants into the system with technical specifications or data models;
4. digital map, development of new multi-purpose maps based on data collected in the system's database;
5. reportability, obtains statistical reports of system data; and
6. management interface, enables use of the system by its participants and users.

The National Spatial Data system will include personal data, but only for the stated objective of the system. Such data must be protected concurrent with the personal data protection legislation of Azerbaijan.

The regulations list the rights and responsibilities of the holder, operator, participants, and users of the system. The holder and operator of the system is the Ministry of Economy.

The Ministry of Economy together with the Ministry of Digital Development and Transportation are tasked with integrating the National Spatial Data system into the G-cloud. The system as well as backup copies of the data in it are stored in the G-cloud. Data developed, acquired, and gathered in the system as well as electronic documents are, according to the regulations, property of the Republic. Documents in the system are generated under the Law, *On Electronic Signature and Electronic Document*.

## TRACING BENEFICIAL OWNERSHIP



The Milli Məclis passed the bill of amendments at first reading on 7 March 2025 – the amendments introducing virtual assets as a taxable object under the Tax Code also aim tracing beneficial ownership.

Under the bill, Law No. 560-IIQ, *On State Registration of Entities and State Registry*, dated 12 December 2003, will have the concept of:

- a beneficial owner, an individual who ultimately owns or controls an entity, benefits from transactions or agreements, or exercises effective control thereof, including:
  - (i) an individual holding, directly or indirectly, at least ten percent of a charter capital or voting rights, or exerting significant influence over decisions, of an entity, (ii) an individual who exercises control of an entity in any other way, or (iii) if none can be identified, a manager of an entity; and
  - (i) a settlor, trustee, and trust protector (if any) in a trust structure outside Azerbaijan, and (ii) a beneficiary or one with an effective control or equivalent roles in other foreign structures.

March, 2025

The following among others in relation to a beneficiary must be disclosed upon establishing an entity: (i) full name, date of birth, and passport number, (ii) citizenship, (iii) residence address, (iv) beneficial ownership status (direct or indirect), (v) being/not being a politically exposed person, and (vi) all upstream entities. The data will be verified by the Financial Monitoring Service.

The disclosure deadlines for already existing enterprises are set as follows: large, by 31 December 2025, medium, by 30 June 2026, small, by 31 December 2026, micro, by 31 December 2027, and, for non-governmental organizations and religious institutions (likely, in relation to their managers), by 30 June 2026.

The data on beneficial ownership will be a commercial secret.

Once the bill takes effect, whenever the actual beneficial owner of an entity differs from the registered one, uncovered during a tax audit, it will be reported to the Financial Monitoring Service.

The reporting persons under the [Law on AML and CFT](#) must provide beneficial ownership information determined during their client onboarding (KYC) reviews to the Financial Monitoring Service in three business days.

## E-ACCOUNTING PLATFORM ROLLED OUT

The bill of 14 February 2025 amends Law No. 716-IIQ, On Accounting, dated 29 June 2004, to formalize the e-accounting information system for electronic financial reporting, access to translated international standards and legal texts, accounting software, and educational materials.

March, 2025

Launched as part of the 2022-2026 National Action Plan to Strengthen Combating Corruption, the e-muhasibat.gov.az system features electronic financial reporting and a registry of state-certified accountants.

Also, the bill will phase in electronic financial accounting for budget organizations.

#### **E-DUTY SYSTEM COMING NEXT**

According to Presidential Decree No. 317 of 3 February 2025, an electronic management information system for state duties (e-duty) will be introduced.

Effective 1 June this year, the state duties must be processed and paid based on an electronic notification (e-notification) submitted through the system. State duties for excise stamps and mandatory labeling will be integrated in the system only after the Cabinet of Ministers approves the procedure for using the funds transferred to the treasury account of the Ministry of Finance.

## US TARIFFS AND IMPORTS INTO AZERBAIJAN



The US government, under a new “reciprocal” tariff policy, imposed a ten percent import duty tariff on goods from many countries, including the Republic of Azerbaijan. The tariff took effect in the first week of April 2025 as a part of a broader tariff regime announced by President Trump. The US characterized the ten percent rate as the minimum or baseline tariff, which is applied to countries like Azerbaijan that do not heavily tariff US products.

It is explicitly noted that the ten percent duty on Azerbaijani commodities was chosen to mirror the Republic’s import duties on American goods, which raised the question of whether Azerbaijan has likewise imposed the ten percent customs tariff on imports originating from the US.

As of April 2025, Azerbaijan has not introduced any new or special ten percent tariffs specifically targeting imports from the US. Instead, US-origin goods entering Azerbaijan remain subject to the standard import tariffs that Azerbaijan applies to all non-preferential trade partners.

April, 2025

April, 2025

While Azerbaijan is not a WTO member, it maintains a unified tariff schedule (with some bilateral exceptions) rather than country-specific rates. In 2018, Azerbaijan overhauled its customs tariff schedule, simplifying it to just three basic rates – zero, five and 15 percent – depending on a category of merchandise.

The Cabinet of Ministers Resolution establishes the Republic's import tariffs; the foundational acts are Cabinet of Ministers Resolution No. 91 of 22 April 1998, *On Rates of Customs Duties for Import-Export Transactions*, and Resolution No. 500 of 17 November 2017, *On Foreign Business Nomenclature of Goods and Rates of Import and Export Customs Duties*. The Resolution (issued under the authority of the Customs Code and the Law, *On Customs Tariffs*) approved a detailed tariff schedule by commodity.

Notably, ten percent is not a prescribed uniform tariff rate in the Republic's schedule; it may represent though an approximate average of duties applied to US products. Many US exports to Azerbaijan (e.g., heavy equipment, industrial machinery) fall under low or zero duties, whereas others (e.g., certain consumer or food products) face the 15 percent rate.

There is no separate act that names the US or sets a country-specific rate for US goods. Instead, US-origin products are subject to the same commodity-based duty rates as other non-preferential imports. For example, a piece of machinery or equipment from the US might be duty-free if it is in a category exempted to promote investment.

April, 2025

The Republic's current tariff framework has been in effect since January 2018 and continues unchanged in 2025. By contrast, the US ten percent tariff took effect in April 2025, but Azerbaijan has so far not approved any reciprocal measures. Any change to the Republic's import duties would require an amendment to Resolution No. 500.

All categories of goods imported from the United States are currently treated under the Republic's standard tariff rates, as described above. There is no narrow list of US-based goods subject to a new tariff. In practical terms, most US exports to Azerbaijan are industrial equipment, machinery, vehicles, and agricultural commodities. For instance, many capital goods and oil/gas sector equipment are duty-exempt or have a low duty to encourage development, whereas imported foods or consumer goods (including those from the US) see the higher 15 percent rate intended to protect local producers.

Azerbaijan does have free and preferential trade agreements with certain partners. For example, a preferential trade accord with Türkiye, effective in 2021, lowers tariffs on specific bilateral goods. While the US is not a party to any such agreements with Azerbaijan, US goods do not benefit from reduced rates. However, they also do not face any additional tariffs – the Republic's customs policies generally apply equally to all trade partners, with changes made via broad tariff reforms rather than country-targeted duties.

Given the Republic's relatively modest trade volume with the US, the impact of the American tariffs on the Republic's economy is expected to be limited, reducing the incentive for retaliation.

## SOLE SHAREHOLDER AND CEO: RULING OF CONSTITUTIONAL COURT



The Constitutional Court decided to bring clarity to the necessity to formalize a relationship between an entity and its chief executive officer (director) where the latter is also the sole shareholder of the entity.

In its resolution of 19 February 2025, the Constitutional Court interpreted Article 7.2-3.3 of the Labor Code and Articles 49, 91, 91-2.1, 91-2.3 of the Civil Code.

The reason for the review was an appeal by the director of a limited liability company who is its only shareholder. The CEO made a civil law claim for the recovery of wages where no employment was formalized between him and the LLC he controls. It is not clear from the Constitutional Court resolution whether the claim by the CEO against the entity he fully controls is the only claim involved, making the case rather curious.

The Court of the District of Narimanov of the City of Baku hearing the dispute identified the need to resolve the issue of the legal nature of the CEO's relations with the entity and the possibility of recognizing them as employment, despite the absence of an employment agreement. As such, it sent a request to the Constitutional Court.

The Constitutional Court found that, where a CEO and sole shareholder of an entity coincide, an employment agreement cannot be made as if an agreement would lack the second party.

May, 2025

It remains unclear why the Court forwent the legal identity of the LLC involved. At any rate, the Court notes that where the sole shareholder and CEO coincide, the relationship is formalized by a corporate resolution or an appropriate internal order.

Despite the above, the Constitutional Court emphasizes: the existence of actual employment features – systematic employment, performance of official duties, receipt of remuneration, compliance with internal regulations – requires that such relations be formalized as employment. Even if a person is a sole shareholder, if there is an employment function involved, it is subject to protection under the employment and labor laws. In such cases, making an employment contract is required.

The Plenum of the Constitutional Court ruled:

- to protect the labor and social rights of a CEO of an entity, an employment agreement must be formalized with the CEO who is also the sole shareholder of the entity; and
- where the sole shareholder and CEO of an entity are the same person, the appointment of the person as the CEO can be formalized by an appropriate order without any contractual relations arising.

The full text of the ruling is available at the link:  
<https://constcourt.gov.az/az/decision/1452>

## CORPORATE SEAT, NATIONAL AI STRATEGY, DIGITAL ADS



### CORPORATE SEAT AND PLACE OF BUSINESS

To operate in Azerbaijan, an entity must declare and maintain an address. All public agencies, authorized registrars of entities, require of registrants a physical address: (i) the Ministry of Economy (through the State Tax Service under it), for commercial entities, (ii) the Ministry of Justice, for non-commercial entities, and (iii) the State Committee for Affairs of Religious Institutions, for religious institutions.

The Civil Code defines an entity's seat as the place where the entity's permanently functioning body is located, which is essentially a place of the entity's decision-making. The address of the seat serves as a point of contact, including location for interacting with relevant authorities.

The registered seat coincides with the fiscal address (tax domicile) unless a taxpayer has a business located outside, in which case, it must re-register the address of that business; for taxpayers with multiple places of business (except those paying taxes in consolidated manner), the registration must occur at the address of the center of its economic interests (principle place of business). Regardless of the location of an entity's decision-making, such center is where most of its revenue is generated.

June, 2025

Additionally, a business must tax-register all its branches and places of business. A failure to so register results in an AZN40.00 financial penalty for micro-enterprises and an AZN400.00 for other businesses.

Only one registered address, which is typically that of the place of decision-making, is included in an entity's publicly available register information.

Maintaining a registered address at locations making the process difficult or impossible to serve may pose significant risks to operations.

## NATIONAL AI STRATEGY

Acknowledging an urgency of a systematic approach to emerging artificial intelligence (AI), Azerbaijan approved on 19 March 2025 by Presidential Instructive Order No. 530 the *National AI Strategy for 2025–28*. The Strategy aims to: (i) boost economic competitiveness, (ii) create a favorable environment for application of AI, (iii) train a skilled AI workforce, and (iv) raise public awareness of AI's benefits.

Targets through 2028 include a legal framework for ethical and responsible AI by 2027, regulations to address data protection risks, and the adoption of at least three national AI standards. Plans also include testing Azerbaijani-language Natural Language Processing technologies in five public services, as well as establishing an AI Academy, training 500 AI engineers, building a 3,000-member community, and upskilling 500 public officers.

June, 2025

To drive private sector adoption, the government plans to support at least 50 businesses with preferential loans and guarantees and attract residents involved in AI technology development to national tech parks and industrial zones. Investment priorities include at least three pilot projects, alongside planned infrastructure upgrades such as GPU installations in data centers.

### **DIGITAL ADS**

On 22 April 2025, the Milli Maclis passed bill No. 182-VIIQD introducing several amendments, including Law No. 1281-IVQ, On Advertisement, dated 15 May 2015. Effective 22 May, the Law expands to cover online promotion directed at consumers in Azerbaijan via:

- digital platforms, i.e., internet resources, telecommunications networks, and their mobile applications, excluding governmental;
- digital platform influencers, i.e., individuals and entities who promote products for compensation using their influence on these platforms; and
- advertising alerts and SMS.

Under the Law, particularly, advertising by digital platform influencers (excluding audiovisual ones) must disclose advertiser's details, such as a name, actual address, tax ID number, phone, and e-mail.

## AIRSPACE, LEGAL COOPERATION, DIGITALIZATION



### AIRSPACE MANAGEMENT

On 4 July 2025, the Cabinet of Ministers approved the *Rules for Use of Airspace and Conduct of Flights*, adopted by Resolution No. 198. The Rules establish procedures for the use of airspace mandatory for all flight operators nationwide, including operators of unmanned aircraft systems. Foreign aircraft must comply with the Rules when flying in the country's airspace.

Just as the [Rules of Ensuring Airworthiness and Serviceability of Civil Aircraft Registered in Foreign State and Implementing Requirements for Flight Crew and Flight Documentation](#), the new Rules are based on the Law, *On Aviation*, and the Chicago Convention; the Rules also refer to Annexes 2, 3, 6, 8, 10, 11, and 14 to the Convention, as well as the international standards and recommended practices by the International Civil Aviation Organization (ICAO). Updates that ICAO makes to the Annexes are incorporated into the Rules to the extent not contradicting Azerbaijani law.

Entities responsible for flight planning, air traffic services, and meteorological or aeronautical information support must ensure that their internal procedures and documentation comply with the requirements set out in the regulation.

July, 2025

July, 2025

A unified air traffic management system is established under the authority of the Interagency Group for the Coordination of Airspace and Air Traffic Management to ensure coordinated governance and oversight. This body is responsible for civil-military coordination and the general management of airspace use and allocation.

The regulation establishes procedures for conducting flight operations under both visual and instrument flight conditions. Operators are required to conduct thorough pre-flight planning, secure all necessary clearances, and maintain continuous communication with the relevant air traffic service units. The use of restricted, prohibited, or temporarily regulated airspace necessitates prior coordination and is governed by specific access protocols.

Furthermore, the regulation outlines mandatory obligations designed to ensure flight safety. Activities that represent a potential threat to individuals, property, or the integrity of operations are explicitly prohibited. Pilots bear personal responsibility for adhering to the relevant flight procedures and are permitted to deviate from these protocols only in emergency situations or where safety considerations warrant such deviations.

The framework also provides for the adaptable allocation and use of airspace, issuance of operational approvals, and implementation of oversight mechanisms. It recognizes the principles of equitable access while preserving the right to impose restrictions for reasons of national security or public safety.

Violations of the Rules may result in liability, including under the Code of Administrative Violations.

#### **LEGAL COOPERATION WITH PAKISTAN**

On 10 July 2025, the Ministry of Justice of the Republic of Azerbaijan and the Ministry of Law and Justice of the Islamic Republic of Pakistan inked the *Cooperation Program*. The Program comes in the aftermath of the Memorandum of Cooperation between the Ministries entered into 11 July 2024 and approved by the Azerbaijani Presidential Decree of 17 August 2024.

The Program is reported to call for planning of trainings on digital justice, application of artificial intelligence in justice, conducting scientific legal research, as well as organizing education and training, developing legislation, and cooperation in the field of alternative dispute resolution. The parties also agreed to prepare an Action Plan for the implementation of the Program.

As for the Memorandum, it calls for cooperation in harmonizing national legislations with international standards, promoting e-justice and access to justice, modernizing judicial systems and court administration, enforcement of court decisions, training of legal professionals and judges, and exchange of public legal materials. The Memorandum is effective for three years, automatically extended unless terminated with a six-month notice.

July, 2025

July, 2025

## BILL OF INNOVATION ACTIVITY

*Concept of Digital Development in Republic of Azerbaijan*, approved by Presidential Decree No. 287 dated 16 January 2025, establishes a regulatory framework for digital transformation of public administration, economy, and society. The Concept defines strategic priorities, including the implementation of digital government platforms, enhancement of ICT infrastructure, deployment of artificial intelligence and blockchain technologies, and the development of interoperable information systems. It mandates the establishment of a unified digital governance structure under the coordination of the Ministry of Digital Development and Transport and introduces the role of a Digital Development Operator to oversee institutional alignment and project implementation.

Furthermore, the Concept emphasizes regulatory support measures such as the development and adoption of the Digital Code and Data Governance Strategy. It outlines priorities in cyber and information security, digital literacy, cloud computing, and the creation of an enabling environment for start-ups and private sector involvement. The integration of open data systems, expansion of broadband access, and development of digital public services based on the Government Cloud model are also foreseen as part of its phased implementation.

In furtherance of these objectives, the Ministry of Economy has reportedly sponsored and submitted the bill, *On Innovation Activity*, for the consideration of the Government.

## GAS SUPPLY, MEDIA SUBJECTS, ENTERTAINMENT INDUSTRY



### OVERHAUL OF GAS SUPPLY REGULATION

On 8 July 2025, Azerbaijan enacted Law No. 233-VIIQ, *On Gas Supply*, repealing the eponymous 1998 Law No. 513-IQ. Effective 1 January 2026, the new Law introduces sector reforms, including industry unbundling, a revised tariff system, and the creation of an independent regulator.

Starting 1 January 2027, gas transmission, distribution, storage, and sales operations must be run by separate entities, ensuring no single operator manages multiple functions. Until that date, the State Oil Company will maintain control, after which its subsidiaries will assume these roles, including import activities.

According to another Law (No. 234-VIIQD of 8 July 2025) amending the Law, *On Licenses and Permits*, effective 1 January 2026, the permit for processing, building, and operating underground gas storage will be replaced by a gas storage permit.

Eight tariffs will apply in the gas sector: wholesale, transport, storage, distribution, retail, network connections (transport and distribution), and fixed.

Acting through its Energy Regulatory Agency, the Ministry of Energy will serve as regulator until 1 July 2028, collecting 'regulatory fees' from operators.

August, 2025

August, 2025

The Law envisions state programs to develop gas supply across three timeframes: short-term (up to five years), medium-term (five to ten years), and long-term (over ten years). All such programs are subject to an applicable environmental assessment.

#### **MEDIA SUBJECTS**

On 14 July 2025, Azerbaijan enacted Law No. 247-VIIQD, revising the Civil Code, Code of Administrative Violations, Law No. 471-VIQ, On Media, and Law No. 560-IIQ, On State Registration of Entities and State Registry.

On 14 July 2025, Azerbaijan enacted Law No. 247-VIIQD, revising the Civil Code, Code of Administrative Violations, Law No. 471-VIQ, On Media, and Law No. 560-IIQ, On State Registration of Entities and State Registry.

Foreign media must register branch and representative offices with the state and apply for inclusion in the Media Registry within seven business days of the enactment. A failure to meet the deadline results in repealing registration, if any, and/or blocking of a website.

New fines apply for print publications not registered with the Media Registry: AZN500–1,000 for journalists and individual media subjects, AZN1,500-2,500 for officers of media subjects (whether individual or entity), and AZN3,000–5,000 for media subject entities.

Information agencies are required to maintain contracts with at least 20 media subject, employ accredited journalists in no fewer than five foreign countries, and, each month, publish at least 20 articles per day over a minimum of 20 days.

August, 2025

At least 80 percent of daily content must comply with established rules on sourcing and citation.

A media subject can be removed from the Media Registry if:

- it receives foreign funding (except from founders);
- its founders or directors face criminal liability for grave and especially grave crimes;
- it repeatedly publishes false information after two warnings within a year, except for audiovisual ones; or
- it fails to comply with required online or printed disclosures.

The removal may trigger blocking online access, and, if an entity, be a ground to termination.

### **CASINOS ON MAN-MADE CASPIAN LAND**

On 29 July 2025, Law No. 240-VIIQD of 8 July 2025 decriminalized casinos on artificial land plots in the Caspian. Operating a casino requires a license issued and regulated by the State Tourism Agency, costing AZN340,000 and renewed annually at the same rate.

The Law defines a casino as an establishment offering games such as roulette, card games, gaming tables, dice, and similar equipment, as well as slot machines, in which money, material prizes, or other rewards are wagered, and the outcome is determined by chance or uncertainty.

Virtual casino games – including ticket sales and transactions processed by banks or other accounts – are prohibited across all online, mobile, social media, and other digital platforms. Participation in casino games is restricted to individuals aged 21 and over.

## INSTITUTE OF PRIVATE ENFORCEMENT AGENTS



The adoption on 14 July 2025, of the Law of the Republic of Azerbaijan No. 248-VIIQ, *On Private Enforcement Officers*, marked an important stage in the reform of enforcement proceedings. The Law enters into force on 1 January 2026 and introduces a new institution into the national system. This institution is built on a mixed model: alongside state enforcement officers (agents), independent specialists will also be able to carry out the enforcement of court decisions.

The key purpose of the new Law is to eliminate systemic problems in enforcement proceedings: the excessive workload of the state enforcement service, procedural delays, and the growing number of unenforced court decisions. The reform aims not only to accelerate proceedings but also to create a competitive environment and establish a new professional institution based on the principles of independence and responsibility.

According to the Law, the legal status of private enforcement officers is of a special nature. They are individuals who, having received a certificate and official identification document, are authorized to carry out the compulsory enforcement of documents and matters. The acts and lawful demands of private enforcement officers have the same legal force as the decisions of state enforcement officers and are binding on all state agencies, municipalities, entities, and individuals.

Nevertheless, the Law clearly defines the limits of powers of private officers: they cannot enforce criminal and administrative cases, disputes involving the state, or certain family law matters (such as alimony). These restrictions indicate that the institution is mainly directed toward property and commercial cases, where efficiency and professionalism are of particular importance.

The activity of private enforcement agents is based on the principle of self-governance. For this purpose, the Law provides for the establishment of the Chamber of Private Enforcement Officers. The Chamber sets rules of professional ethics, considers disciplinary cases, and ensures professional liability insurance. Until the Chamber is officially registered, its powers defined by law will be exercised by the Ministry of Justice.

Unlike state enforcement officers, private enforcement officers do not receive salaries from the budget; they operate on the principle of self-financing. Their income is formed from funds collected from obligors or obligees in accordance with the procedure established by law.

The Law applies to enforcement documents issued after it enters into force. Enforcement documents issued before that date may be transferred to a private enforcement officer's proceedings with his or her consent, and within limits set by the Ministry of Justice.

The implementation of the Law is accompanied by a number of challenges, including the risk of commercialization, the possibility of excessive pressure on debtors, ensuring uniform application of regulations, and the precise division of powers between the state and private enforcement officers. The success of the reform will largely depend on the quality of professional selection, the level of training, and the effective functioning of the Chamber.

In conclusion, the Law, *On Private Enforcement Officers*, is not only a new institution but also an important step toward the modernization of the enforcement system in Azerbaijan. Its effectiveness will be determined by maintaining a balance between speed and legality, efficiency and the protection of participants' rights. Proper implementation of the Law can significantly strengthen confidence in the administration of justice and in the legal system as a whole.

The Law of the Republic of Azerbaijan No. 243-IIQ, *On Enforcement*, of 27 December 2001 remains in force, and, until 1 January 2026, all enforcement proceedings are regulated by it. The new Law is envisaged to be implemented gradually across the administrative-territorial units of the Republic in a manner determined by the Ministry of Justice, allowing time for infrastructure preparation, specialist training, and testing of new mechanisms.

## FIRST CEPA, ADMINISTRATIVE PROCEDURE



### AZERBAIJAN–UAE CEPA

The Comprehensive Economic Partnership Agreement (CEPA) was signed between the Republic of Azerbaijan and the United Arab Emirates on 9 July 2025. This marks Azerbaijan's first CEPA.

Bilateral non-oil trade rose 43 percent year-on-year to reach USD2.4 billion in 2024. The UAE remains Azerbaijan's leading Arab investor, with cumulative investments exceeding USD1 billion, and accounts for nearly half of Azerbaijan's total trade with the GCC. The agreement is projected to contribute approximately USD680 million to the UAE's GDP and USD300 million to Azerbaijan's economy by 2031.

The CEPA encompasses trade in goods and services, investment, simplified customs procedures, government procurement, digital trade, intellectual property, SME support, and dispute settlement mechanisms and covers industries, such as renewable energy, agriculture, and services, such as finance, logistics, tourism, and construction. It provides for tariff reduction or elimination, rules of origin, trade facilitation, and the alignment of technical and sanitary-phytosanitary measures with international standards.

The agreement also includes provisions for investment protection and promotion, as well as reciprocal market access in public procurement.

The CEPA was ratified by the Milli Maclis on 17 October 2025. It is currently pending ratification in the UAE, expected later this year. The full text of the CEPA has not yet been released publicly.

#### **ADMINISTRATIVE INTERIM RELIEF PROCEDURE**

On 7 October 2025, the Plenum of Azerbaijan's Supreme Court adopted Decision No. 18, amending its 4 October 2023 Decision No. 14 regarding the application of temporary protective measures in administrative court proceedings, including the suspension of administrative acts, stays of enforcement, injunctions, and preservation of the status quo.

Under the revised approach, interim relief, including both the suspension of an administrative act and other forms of provisional protection, requires two cumulative conditions: (1) the necessity for urgent provisional regulation, and (2) a likelihood that the underlying claim will succeed. Previously, courts applied a more relaxed standard, often granting temporary relief based primarily on procedural convenience or preliminary assessments of harm, without systematically requiring both urgency and probable success.

October, 2025

October, 2025

The Plenum emphasizes that the burden of demonstrating urgency rests with the applicant. Courts must evaluate whether the applicant faces a credible and probable risk of harm that would make later judicial relief impossible or significantly more difficult. This inquiry is specific to the applicant – judges must consider whether restoring the *status quo* would be unfeasible or materially burdensome if interim measures are denied.

In assessing urgency, courts should require clear, fact-linked evidence showing that the threat is sufficiently serious and probable to justify pre-judgment intervention.

Further, the Plenum introduces stricter procedural safeguards for urgency claims. An interim relief application filed without any justification for urgency must be dismissed, even if the court assists the applicant with procedural requirements. If some evidence or reasoning is presented, but the court, following an objective review, finds that urgency is not established, the application must still be refused.

Additionally, it reinforces legal certainty and the stability of judicial acts: the new standards apply to applications filed after the adoption date, as well as to applications filed earlier pending at that time. Ongoing appeals and cassations are unaffected and cannot be annulled or modified solely on the basis of these new interpretations. The updated legal test is to be applied only to appeals and cassations submitted after 7 October 2025.

## FREIGHT-FORWARDING, SKILLED MIGRANTS, INVESTING, COMPETITION



### FREIGHT-FORWARDING

As of 25 November 2025, the *Bill On Freight-Forwarding* has passed two readings in the Milli Maclis (Parliament) in pursuance of implementing the measure from the 2022–2026 Socio-Economic Development Strategy. The bill defines key terms such as carrier, forwarder, forwarder's fee, client, freight-forwarding services, participants, cargo, and cargo transport documents. It also establishes rules governing domestic and international relations among participants.

Under the bill, the forwarder is responsible for organizing and providing services for a fee, in accordance with the client's instructions and at the client's expense. Freight services may not proceed without properly executed cargo-transport documents, which include: (i) the client's task, (ii) the forwarder's note, (iii) the warehouse note, and (iv) other applicable documents.

The bill also establishes responsibilities and liabilities:

- cargo loss: cargo is deemed lost if not delivered within three months of acceptance or within thirty days after the contractual deadline, unless proven otherwise,
- forwarder liability: the forwarder is liable for delays unless caused by force majeure, the client, or third parties engaged by the client. In such cases, a penalty of three percent of the fee per day or hour, capped at 80 percent, applies,
- client obligations: clients must reimburse expenses incurred during service; unjustified non-payment incurs a ten percent penalty, while late fee payments are subject to three percent per day or hour, also capped at 80 percent, and
- forwarder as carrier: when the forwarder transports cargo using vehicles owned, leased, or provided by the client, it assumes liability as a carrier.

The bill does not apply to: (a) cargo transported via pipelines or electricity networks; (b) transportation by: (i) utility or emergency vehicles, (ii) defense or public order vehicles, (iii) official service vehicles of state bodies, budget organizations, local authorities, the Central Bank, extra-budgetary funds, foreign missions, or international organizations, (iv) service vehicles of entities and individual entrepreneurs, (v) transport for internal or technological needs without public road access, (vi) personal transportation by individuals; (c) military or state-operated non-commercial vessels and cargo; (d) goods purchased online for personal consumption; and (e) postal items transported through specialized services.

November, 2025

The interaction between the bill, if and when adopted, and the Civil Code's general provisions, as well as its special rules, such as those on transportation, will ultimately be shaped by implementing regulations and subsequent practice.

#### **“INVEST IN AZERBAIJAN”**

On 6 November 2025, Presidential Decree No. 521 established the “Invest in Azerbaijan” system, operated by the Azerbaijan Export and Investment Promotion Agency, known as AZPROMO, under the Ministry of Economy. It provides a one-stop electronic platform for investor applications and information on opportunities, requirements, and incentives.

#### **HIGHLY QUALIFIED MIGRATION**

On 3 April 2025, the Cabinet of Ministers, by Resolution No. 99, approved the *Rules and Criteria of Assessing Highly Qualified Migrants* under Presidential Decree No. 156 of 6 June 2024.

The status exempts migrants from obtaining a work permit and may serve as a basis for obtaining a temporary residence permit. Applicants are evaluated on a points-based scale across six criteria: (i) work experience (0–35 points), (ii) alignment with national development (0–20), (iii) education (0–15), (iv) financial security (0–15), (v) labor market impact (0–10), and (vi) language skills (0–5). Those scoring at least 70 out of 100 points receive a five-year electronic document, renewable upon reassessment.

November, 2025

Resolution No. 323 of 30 October 2025 complemented this by approving the *Regulations of Portal for Highly Qualified Migrants*. The portal can be accessed at: <https://www.pass.gov.az>

#### **COMPETITION CRIME REFORM**

On 31 October 2025, the Milli Maclis adopted amendments to the Criminal Code addressing competition restrictions, now encompassing unlawful horizontal and vertical agreements.

According to the bill: (i) large damage is punishable by three to seven years' imprisonment, a ban from holding certain positions of up to three years, or a fine three times the damage; and (ii) especially large damage carries seven to twelve years and a fine of four times the damage.

Following the amendment, the crime defines large damage as ₣200,000.00–₦500,000.00, substantial damage as ₦500,000.00–₦1,000,000.00, and especially large damage as over ₦1,000,000.00.

Once the bill takes effect, a person in charge of the business may avoid criminal liability by fully compensating the damage caused or returning illicit gains to the state, plus paying an equal amount to the budget.

## KIGALI AMENDMENT, PUBLIC SERVICES



### PUBLIC SERVICES CENTRALIZED

On 31 October 2025, Law No. 279-VIIQ, *On Public Services*, was adopted with effect 3 December 2025 (and the prohibition on providing any public service not registered in the Electronic Register of Public Services, ERPS, effective 1 January 2026).

The Law establishes a unified framework for public service delivery, standardizing processes, and integrating digital governance principles.

A public service is a set of actions by service providers for the exercise of powers designated to them and leading to the creation of a certain legal result or the provision of information necessary to a service user. A service provider is a public and local government agency, state-owned or controlled (commercial) entity, public entity, budgetary institution, as well as any individual and entity authorized to pass an administrative act or other requirement, providing a public service. Users additionally include foreigners, stateless persons, foreign entities, as well as diplomatic missions and consulates of foreign states accredited in Azerbaijan, divisions, representations and bodies of international organizations, applying for a public service.

December, 2025

December, 2025

Among the Law's core provisions are:

- ERPS integration: no service can be offered unless listed in the ERPS;
- service design: the Law requires conceptual and functional planning to ensure user-centric delivery;
- quality control: expands ASAN Index to measure performance across all service centers making it legally mandated for annual evaluation and public disclosure; and
- service outcomes: recognizes administrative acts and technical documents in both paper and electronic form.

The Law converts ERPS from a technical tool into a legally binding system. The electronic register accessible at [e-gov.az/az/content/read/13](http://e-gov.az/az/content/read/13) and further [dxr.az](http://dxr.az) has been operating since 2014.

Success of the Law depends on:

- ERPS compliance by all agencies;
- integration with digital ID and interoperability frameworks – the [\*Azerbaijan's Digital Development Concept \(2025-27\)\*](#) targets full rollout of digital ID and interoperability by the end of 2027; and
- gradual transformation of physical centers into assisted-digital hubs.

December, 2025

Presidential Decree of 3 December 2025 operationalizes the Law by assigning ASAN Service as the owner and operator of the ERPS and mandating the Cabinet of Ministers to approve a model template for service regulations, ERPS data schema, and the system charter within three months. The Cabinet must also define coordinating authorities for unified service centers within two months and propose administrative liability rules within six months. These measures are complemented by the mandatory E-Government Information System (EG/HIS) integration and electronic payment capability.

#### **KIGALI AMENDMENT**

By Law No. 257-VIIQ of 30 September and effective 14 October 2025, Azerbaijan ratified the Kigali Amendment to the Montreal Protocol, *On Substances that Deplete Ozone Layer*, becoming the 171st country to do so. Azerbaijan formally deposited its ratification with the UN Treaty Office on 24 November 2025 and the Amendment will enter into force on 22 February 2026, 90 days from the date of depositing.

December, 2025

Obligations include:

- freeze hydrofluorocarbons (HFC) production/consumption from 2024 levels;
- gradual reduction to 80 percent below 2020-22 baseline by 2045; and
- continue hydrochlorofluorocarbons (HCFC) phase-out commitments that is to cut HCFC consumption by 65 percent compared to its 2009–10 baseline.

In Azerbaijan, HFCs and HCFCs are not manufactured, but consumed heavily mostly in the refrigeration and air-conditioning sector, particularly in household cooling, commercial refrigeration (supermarkets, cold storage), and industrial applications.