



## TAX REFORM: E-COMMERCE. EXEMPTIONS

On 13 February 2026, the Milli Maclis approved the bill, which became Law No. 355-VIIQD, amending the Tax Code in its third, last, reading, introducing mandatory registration for non-resident e-commerce businesses and targeted fiscal exemptions. The Law was enacted and entered into force pursuant to Presidential Decree No. 606 dated 23 February 2026.

The reform requires non-residents, excluding those with taxable permanent establishments, that conduct e-commerce in Azerbaijan through online platforms to register electronically for tax purposes. Those with an annual turnover exceeding the manat equivalent of USD10,000.00 must complete registration in 30 days, while registration below this threshold remains voluntary.

The revisions do not define “conducting e-commerce in Azerbaijan,” leaving room for interpretation in practice. The term is generally understood to cover platforms that specifically target the local audience, including those offering local delivery options.

Registered non-residents must remit the VAT to the Azerbaijani state budget by the last day of the month following each reporting period. Apparently, the mechanism would encompass services and incidentally relieve local customers from the reverse-charge obligation.

Consulting, legal, financial, accounting, design, and engineering services delivered by email or interactive tools, as well as real-time online education and online event ticket sales, are excluded from e-commerce obligations.

Non-resident suppliers of goods or services for the 13th Session of the World Urban Forum (WUF13) benefit from one-year exemptions starting 1 September 2025. These include exemptions from the personal income tax, corporate tax, VAT, and royalties for intellectual property earned in connection with the forum.

Separately, individuals may now import one rare motor vehicle per year, with a nation-wide limit of ten vehicles a year, exempt from VAT and excise tax. Imports of artworks, antiques, and collectors’ items are also VAT-exempt.

The registration requirement will apply from 23 August 2026, rare vehicle import rules and targeted fiscal exemptions for WUF13-related activities will apply from 23 March 2026, and special treatment for art, collectibles, and antiques applies from 1 January 2026.

## APPLYING INTERNATIONAL AND FOREIGN STANDARDS IN AZERBAIJAN

On 5 February 2026, the Cabinet of Ministers, by Resolution No. 38, adopted the *Rules of Application of International, Regional, Intergovernmental, and Foreign Standards in Territory of Republic of Azerbaijan*. The Rules directly adopt the standards, aiming to harmonize domestic economy with international benchmarks.

The Azerbaijan Standardization Institute serves as the primary authority for adoption when no domestic standard exists or when international treaty obligations require compliance. Adoption may occur through: (i) an authentic translation, (ii) technical or structural modification, or (iii) direct adoption of the original standard with a translated title and preface.

Direct adoption applies to standards from organizations where Azerbaijan holds membership or countries with bilateral agreements. Interested parties must provide the Institute with the official publications and authentic translations for verification.

The Institute reviews submissions in 15 business days. If any deficiencies are found, applicants are notified in five and must correct them in ten business days. Once the submissions are complete and free of deficiencies, the documents are sent to the relevant technical committee in three business days. The committee then evaluates them over a period of 30 business days.

Approved standards must not conflict with national legal acts or technical regulations. After registration, the standards are officially published and added to the state standards fund for use in Azerbaijan.

If adoption is not possible, the Institute issues a reasoned decision and so notifies relevant parties in two business days.

Although Resolution No. 38 does not repeal Presidential Decree No. 26 of 22 November 1998, the new Rules adopted pursuant to Presidential Decree No. 780 of 12 July 2019, which implements Law No. 1587-VQ of 17 May 2019 that supersedes Law No. 60-IQ of 16 April 1996 on which the 1998 rules were based, nonetheless comprehensively regulate the same subject matter and thereby supersede the earlier framework.

### **STRATEGIC INVESTMENT BILL**

On 13 February 2026, the Milli Maclis introduced, in the first reading, amendments to the Law No. 551-VIQ, *On Investment Activity*, dated 22 June 2022.

The bill establishes an intervention test permitting state acquisition of investments, not to be considered discriminatory, where (i) public necessity so requires, or (ii) in the case of strategic investments, exceptional circumstances exist that would harm the interests of the state and its people or contradict national interests.

Under the reform, compensation shall be determined according to the terms of the investment agreement, with statutory standards applying only where the contract does not specify the amount or procedure.

The amendments also decouple these procedures from Law No. 987-IIIQ, *Acquisition of Land for State Needs*, of 20 April 2010, and clarify that the nationalization or state acquisition of strategically significant investments must be carried out in accordance with Azerbaijani law.

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**Republic of Azerbaijan**

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