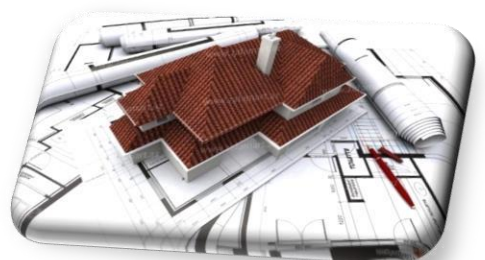


BUSINESS LICENSING



Guidelines for Entrepreneurs

Licensing of entrepreneurial activity in Azerbaijan

Stimulating the development of entrepreneurship in Azerbaijan, providing a favorable business environment, improving legislation, administrative procedures and relations between the state and entrepreneurs in this area, and simplification and transparency of business licensing procedures is one of the main tasks set by the President of the Republic of Azerbaijan, and a number of measures have been taken in this direction. One of the paramount events in this area was the adoption of the Law on “Licenses and Permits” for the first time in Azerbaijan. Activities that require a license and permits under the Law are determined based on one of the following criteria:

- whether the type of activity affects national security;
- whether the type of activity involves the use of limited natural resources;
- whether the type of activity may have a negative impact on the environment;
- whether the type of activity poses a danger to the life, health and property of an unlimited number of persons.

Following the results of reforms in the field of business licensing in the country, the number of licensed activities has significantly decreased. According to the law, licenses (excluding cellular (mobile) communication services (with the indication of the name of the technological standard) are currently issued for an unlimited term.

The Presidential Decree no. 866 of the Republic of Azerbaijan dated April 20, 2016 established the Ministry of Economy of the Republic of Azerbaijan as an authorized body implementing state policy and methodological guidance in the field of licensing.

What is a license?

License – an official document issued to the applicant by the licensing authority for the implementation of the relevant type of entrepreneurial activity.



General license – a license that gives the right to carry out the necessary type of activity without obtaining a special license for each of its subtypes separately.



Special license – a license that gives the right to carry out one or more subtypes of the type of activity for which a license is required.



An annex to a license is issued:

- if the type of activity specified in the license is carried out at separate facilities in a territorial sense;
- when an application is filed for a license to the types of activities such as private medical activities, engineering survey works of buildings and structures requiring a building permit, construction and installation works of buildings and structures requiring a building permit and design of buildings and structures for which a building permit is required and notification procedures are applied.



Who can apply?

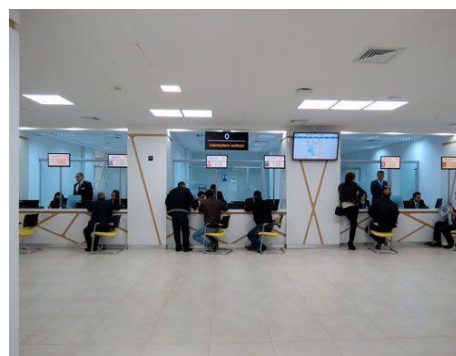
An applicant – a legal entity, a branch and a representative office of a foreign legal entity and a sole proprietor, regardless of its organizational and legal form, applying to the licensing authority for a license.

Where to apply?

According to the current legislation, licenses for 23 types of entrepreneurial activity (with the exception of cases arising from public security, as well as activities in the field of financial markets) are issued by the Ministry of Economy of the Republic of Azerbaijan.

The Ministry of Economy of the Republic of Azerbaijan provides services to entrepreneurs in issuing licenses, accepts applications and issues licenses through SMB Houses subordinated to the Small and Medium Business Development Agency of the Republic of Azerbaijan, the "Licenses and Permits" portal and 11 "ASAN Service" centers (Baku ASAN Service Center no. 5, including ASAN Service centers in Sumgait, Ganja, Sabirabad, Barda, Guba, Gabala, Masalli, Mingachevir, Imishli and Shaki)

In addition to issuing licenses to entrepreneurs in ASAN Service centers and SMB Houses, the Ministry of Economy of the Republic of Azerbaijan also provides consulting services to entrepreneurs who wish to obtain a license in order to avoid wasting time and additional paperwork.



What documents are required?

- application;
- documents attached to the application. An application shall be attached a copy of an extract from the state register of legal entities if the applicant is a legal entity, and a branch or representative office of a foreign legal entity; a copy of an identity card, a copy of the applicant's certificate of registration as a taxpayer, a copy of the document confirming the applicant's right of ownership, use or lease for each of the facilities specified in the application, documents confirming compliance with the terms of the license if the applicant is a sole proprietor.
- Documents confirming the fulfillment of the conditions established by the laws of the Republic of Azerbaijan and additional conditions established by the Cabinet of Ministers of the Republic of Azerbaijan, depending on the nature of the activity (*Resolution no. 174 of the Cabinet of Ministers of November 7, 2002*).



How long does it take to process an application?

The term for consideration of the application and receipt of the relevant conclusion



If deficiencies are found in the submitted documents, the licensing authority shall notify the applicant of the elimination of such deficiencies no later than 5 working days from the date of registration of the application. The applicant must eliminate these shortcomings no later than within 10 working days. In this case, the period for issuing a license is suspended and the suspended period is not included in the period for issuing a license. If the applicant does not eliminate the shortcomings in the submitted documents within 10 working days, the licensing authority shall adopt an administrative act on non-consideration of the application and inform the applicant

within 2 working days. After the deficiencies are eliminated, the applicant may re-apply for a license to the licensing authority.

When considering an application, the licensing authority shall, depending on the specifics of the type of entrepreneurial activity, receive the conclusion (consent) of the relevant state bodies and enterprises in the manner prescribed by law.

Evaluation of the compliance of the facility with the information specified in the documents attached to the application for a license in connection with the implementation of the type of activity shall be carried out on site. When the licensing authority applies to the appropriate state body for a conclusion (consent), it shall be reviewed and answered within 7 business days. This period may be extended for a period not exceeding 20 days, upon a reasoned request from the relevant state authorities. The term for issuing a conclusion shall not be included in the term for issuing a license. If the conclusion (consent) is not expressed during this period, the conclusion shall be considered positive (agreed). A negative conclusion, as well as a refusal to give consent, must be justified with reference to the relevant law.



Upon the results of the consideration of the submitted documents, the licensing authority shall issue a license or adopt an administrative act to refuse to issue a license no later than 10 working days from the date of registration of the application.

Refusal to issue a license does not prevent the applicant from reapplying.

How to use the license?

The license holder may only use the license himself/herself and may not transfer it to another person. The license does not apply to legal entities in which the license holder is a founder (participant), as well as to other persons acting on the basis of a joint activity and cooperation agreement with the license holder.

If the activity for which a license is required is associated with a facility and the entrepreneur is licensed based on the address of the activity, the entrepreneur cannot operate at a different address with the same license.

A license is re-registered:

- in case of reorganization of a legal entity holding a license;
- in the event of a change in the name or legal address of a legal entity, and a branch or representative office of a foreign legal entity holding a license;
- in the event of a change in the last name, first name, patronymic or place of activity of a sole proprietor holding a license;
- in the event of termination of the license holder's right to carry out one or more subtypes of activities specified in the general license.



The holder of the license or his/her successor must apply to the licensing authority to re-register the license no later than 5 working days from the day the grounds for registering the license arise. Copies of the license for re-registration, an extract from the state register of legal entities, an identity card of a sole proprietor and a certificate of tax registration shall be attached to the application.

When is a duplicate license issued?

In case of loss or damage to the license, the license holder shall apply to the licensing authority for the issuance of a duplicate of the license.

During the period of issuance of a duplicate license, the license holder shall operate on the basis of a certificate of the date and the number of registration of the application submitted to the licensing authority. A duplicate license shall have the same legal effect as a lost or damaged license.

A license is suspended:

- if the relevant application is submitted by the license holder;
- if the license holder fails to comply with the instructions of the licensing authority, as well as the relevant supervisory authority to eliminate violations of the license;
- in other cases established by the laws of the Azerbaijan Republic.

In case of violation of the terms of the license, the license holder shall be obliged to eliminate the circumstances that led to the suspension of the license before the expiration of the license and notify the licensing authority in writing of the outcome within 3 working days. The validity of the license shall be renewed by an administrative act of the licensing authority on the basis of written information provided by the license holder in order to eliminate such cases.

A license is revoked:

- if the relevant application is submitted by the license holder;
- if a legal entity, and a branch or representative office of a foreign legal entity holding a license is liquidated;
- if activities of an individual holding a license is terminated as a sole proprietor;
- if there is a relevant court decision;
- if subsequently false information is found in the documents submitted for the issuance of a license;
- if the license holder fails to notify the licensing authority in writing of the elimination of the circumstances that led to the suspension of the license, before the expiration of the suspension of the license;
- if the type of activity specified in the license is excluded from the list of types of activities for which a license is required;
- if the license (permit) is expired;
- in other cases established by the laws of the Azerbaijan Republic.



What is the state fee for issuing a license?

The rates and features of payment of the state fee to issue a license shall be determined by Articles 22 and 23 of the Law of the Republic of Azerbaijan "On State Duty".

The current legislation stipulates that if the licensed entrepreneurial activity is carried out only in the regions of the Azerbaijan Republic, 50 percent of the state duty established for this type of activity (excluding regional television and regional radio broadcasting) shall be paid.

At the same time, when submitting an application for the simultaneous performance of several subtypes of licensed entrepreneurial activity, the highest state duty established for these subtypes shall be paid. When submitting an

application for the performance of one or more works and services for the relevant type of licensed entrepreneurial activity, the state fee established for this type of activity shall be paid, regardless of the number of works and services.

After the license is issued, if the license holder applies for the purpose of obtaining an annex to the license to carry out the activities specified in the license at other facilities or to engage in works and services not specified in the annex to the license, 50 percent of the established state fee shall be paid for issuing a license for the relevant type of activity, regardless of the number of facilities or works and services. Entrepreneurs were also exempted from paying state duty for re-registering and reissuing licenses.



What types of activities require a license?

List of activities for which a license is required (except for cases arising from issues of public security) and the amount of the state fee paid for issuing a license to carry out these types of activities

No	Name of activity	Amount of state fee (in manat)
1.	Toxic industrial waste's:	
1.1.	disposal	550
1.2.	neutralization	550
2.	Private medical activity	2250
3.	Pharmaceutical business:	
3.1.	drug manufacturing	2250
3.2.	drug wholesale	20000
3.3.	drug retailing	1000
4.	Precursors':	
4.1.	production	250
4.2.	import	250
4.3.	export	250
4.4.	carriage in transit	250
5.	Educational activities:	
5.1.	preschool educational institutions, except for state preschool educational institutions	1250
5.2.	general educational institutions (including lyceums and gymnasiums), except for state general educational institutions	10000
5.3.	vocational education institutions, except for state vocational education institutions	2000
5.4.	institutions of secondary specialized education, except for state institutions of secondary specialized education	2000
5.5.	institutions of higher education, except for state institutions of higher education	13750

5.6.	additional educational institutions, except for state additional educational institutions	1500
5.7.	religious specialized secondary educational institutions	2000
5.8.	higher religious educational institutions	13750
6.	Communication services:	
6.1.	telephone (wired)	2500
6.2.	radio trunk and cordless telephone	2500
6.3.	Removed	
6.4.	IP telephony (Internet telephony)	50000
6.5.	organization of internal telecommunication channels	2500
6.6.	organization of international telecommunication channels	5500
6.7.	data transfer	3000
6.8.	express mail service	1250
7.	Removed	
8.	Storage of radioactive substances and substances that emit ionizing radiation	550
9.	Transportation of dangerous goods	250
10.	Liquefied and natural gas facilities':	
10.1.	installation	1100
10.2.	operation	1100
11.	Removed	
12.	Elevator installation and repair works	250
13.	Operation of attractions	1250
14.	Installation and repair of lifting equipment, metallurgical equipment, high pressure boilers and tanks	1250
15.	Carrying out diagnostics and other technical inspections of equipment and technical devices operating at potentially hazardous facilities	1250
16.	Fire protection activities:	
16.1.	protection of enterprises and settlements from fires on a contractual basis	1800
16.2.	production, sale and testing of firefighting equipment	1800

16.3.	installation, maintenance and repair of firefighting systems and equipment	1800
16.4.	repair and maintenance of firefighting equipment, primary fire extinguishing means, restoration of the quality of fire extinguishing equipment	1800
17.	Engineering survey works of buildings and structures requiring a building permit	550
18.	Construction and installation works of buildings and structures requiring a building permit	550
19.	Design of buildings and structures for which a building permit is required and a notification procedure is applied	550
20.	Activities of private veterinary services	220
21.	Veterinary drugs':	
21.1.	production	1500
21.2.	sale	220
22.	Plant protection products and agrochemicals':	
22.1.	production	1000
22.2.	import	500
23.	Organization of individual hunting farms	550
24.	Supply of raw materials of wild medicinal plants for production	250
25.	Production of various types of seals and stamps	1100

List of activities for which a license is required in connection with cases arising from public security, and the amount of state fee paid for issuing licenses for these activities

No	Name of activity	Amount of state fee (in manat)
1.	Private security activity	1500
2.	Activities in the field of design and production of information security tools	1100
3.	Creation and maintenance of biometric technologies	1100
4.	Formation of information resources of personal data, and creation and maintenance of information systems	1100
4-1.	cellular (mobile) communication services (with the indication of the name of the technological standard)	1000000
5.	Audiovisual media activities:	
5.1.	countrywide terrestrial TV broadcaster	5000
5.2.	countrywide terrestrial radio broadcaster	2500
5.3.	regional terrestrial TV broadcaster	1500
5.4.	regional terrestrial radio broadcaster	500
5.5.	satellite platform broadcaster	2500
5.6.	non-satellite platform broadcaster	1500
5.7.	on-demand broadcast service provider	500
5.8.	simple platform operator	1500
5.9.	universal platform operator	2500
5.10.	multiplex operator	2500

For further questions, please apply to ASAN Service centers and SMB Houses, or contact the **Call Center** of the Ministry of Economy.