

Economy Profile
Azerbaijan

Doing Business 2020

Comparing Business
Regulation in
190 Economies



WORLD BANK GROUP

Economy Profile of Azerbaijan

*Doing Business 2020 Indicators
(in order of appearance in the document)*

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Employing workers	Flexibility in employment regulation and redundancy cost

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

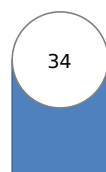
To learn more about *Doing Business* please visit doingbusiness.org

Ease of Doing Business in Azerbaijan

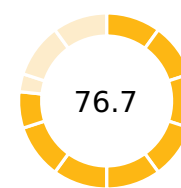


Region	Europe & Central Asia
Income Category	Upper middle income
Population	9,942,334
City Covered	Baku

DB RANK



DB SCORE



Rankings on Doing Business topics - Azerbaijan



Topic Scores



Starting a Business (rank) 9	Getting Credit (rank) 1	Trading across Borders (rank) 83
Score of starting a business (0-100) 96.2	Score of getting credit (0-100) 100	Score of trading across borders (0-100) 77.0
Procedures (number) 3	Strength of legal rights index (0-12) 12	<i>Time to export</i>
Time (days) 3.5	Depth of credit information index (0-8) 8	Documentary compliance (hours) 33
Cost (number) 1.2	Credit registry coverage (% of adults) 0.0	Border compliance (hours) 17
Paid-in min. capital (% of income per capita) 0.0	Credit bureau coverage (% of adults) 44.6	<i>Cost to export</i>
Dealing with Construction Permits (rank) 59	Protecting Minority Investors (rank) 105	Documentary compliance (USD) 250
Score of dealing with construction permits (0-100) 73.4	Score of protecting minority investors (0-100) 50.0	Border compliance (USD) 214
Procedures (number) 18	Extent of disclosure index (0-10) 10.0	<i>Time to export</i>
Time (days) 116	Extent of director liability index (0-10) 7.0	Documentary compliance (hours) 33
Cost (% of warehouse value) 1.7	Ease of shareholder suits index (0-10) 8.0	Border compliance (hours) 14
Building quality control index (0-15) 12.0	Extent of shareholder rights index (0-6) 0.0	<i>Cost to export</i>
Getting Electricity (rank) 80	Extent of ownership and control index (0-7) 0.0	Documentary compliance (USD) 200
Score of getting electricity (0-100) 77.3	Extent of corporate transparency index (0-7) 0.0	Border compliance (USD) 300
Procedures (number) 7	Paying Taxes (rank) 40	Enforcing Contracts (rank) 28
Time (days) 41	Score of paying taxes (0-100) 84.0	Score of enforcing contracts (0-100) 70.3
Cost (% of income per capita) 125.7	Payments (number per year) 9	Time (days) 277
Reliability of supply and transparency of tariff index (0-8) 7	Time (hours per year) 159	Cost (% of claim value) 18.5
Registering Property (rank) 44	Total tax and contribution rate (% of profit) 40.7	Quality of judicial processes index (0-18) 8.0
Score of registering property (0-100) 75.4	Postfiling index (0-100) 83.8	Resolving Insolvency (rank) 47
Procedures (number) 4		Score of resolving insolvency (0-100) 63.5
Time (days) 4.5		Recovery rate (cents on the dollar) 39.7
Cost (% of property value) 7.0		Time (years) 1.5
Quality of the land administration index (0-30) 22.5		Cost (% of estate) 12.0
		Outcome (0 as piecemeal sale and 1 as going concern) 0
		Strength of insolvency framework index (0-16) 13.5

Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally start and formally operate a company (number)</p> <ul style="list-style-type: none"> • Preregistration (for example, name verification or reservation, notarization) • Registration in the economy's largest business city • Postregistration (for example, social security registration, company seal) • Obtaining approval from spouse to start a business or to leave the home to register the company • Obtaining any gender specific document for company registration and operation or national identification card <p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day (2 procedures cannot start on the same day) • Procedures fully completed online are recorded as ½ day • Procedure is considered completed once final document is received • No prior contact with officials <p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes • No professional fees unless services required by law or commonly used in practice <p>Paid-in minimum capital (% of income per capita)</p> <ul style="list-style-type: none"> • Funds deposited in a bank or with third party before registration or up to 3 months after incorporation 	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p>The business:</p> <ul style="list-style-type: none"> -Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office. -Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. -Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes. -Does not qualify for investment incentives or any special benefits. -Is 100% domestically owned. -Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each. -Is managed by one local director. -Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals. -Has start-up capital of 10 times income per capita. -Has an estimated turnover of at least 100 times income per capita. -Leases the commercial plant or offices and is not a proprietor of real estate. -Has an annual lease for the office space equivalent to one income per capita. -Is in an office space of approximately 929 square meters (10,000 square feet). -Has a company deed that is 10 pages long. <p>The owners:</p> <ul style="list-style-type: none"> -Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old. -Are in good health and have no criminal record. -Are married, the marriage is monogamous and registered with the authorities. -Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

Starting a Business - Azerbaijan

Standardized Company

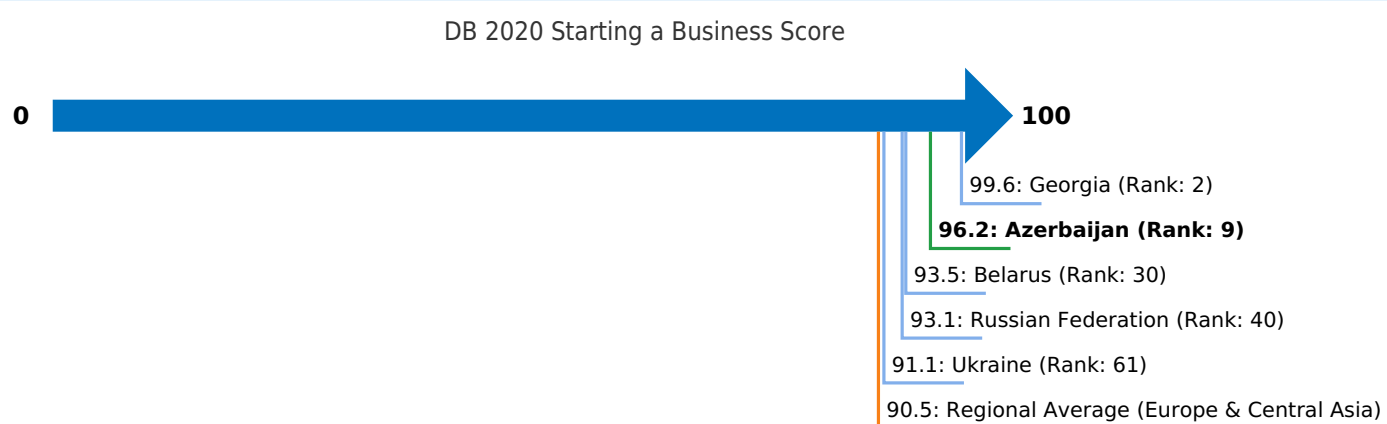
Legal form	Limited Liability Company (LLC)
Paid-in minimum capital requirement	No minimum
City Covered	Baku

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedure - Men (number)	3	5.2	4.9	1 (2 Economies)
Time - Men (days)	3.5	11.9	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	1.2	4.0	3.0	0.0 (2 Economies)
Procedure - Women (number)	3	5.2	4.9	1 (2 Economies)
Time - Women (days)	3.5	11.9	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	1.2	4.0	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.7	7.6	0.0 (120 Economies)

Figure - Starting a Business in Azerbaijan - Score

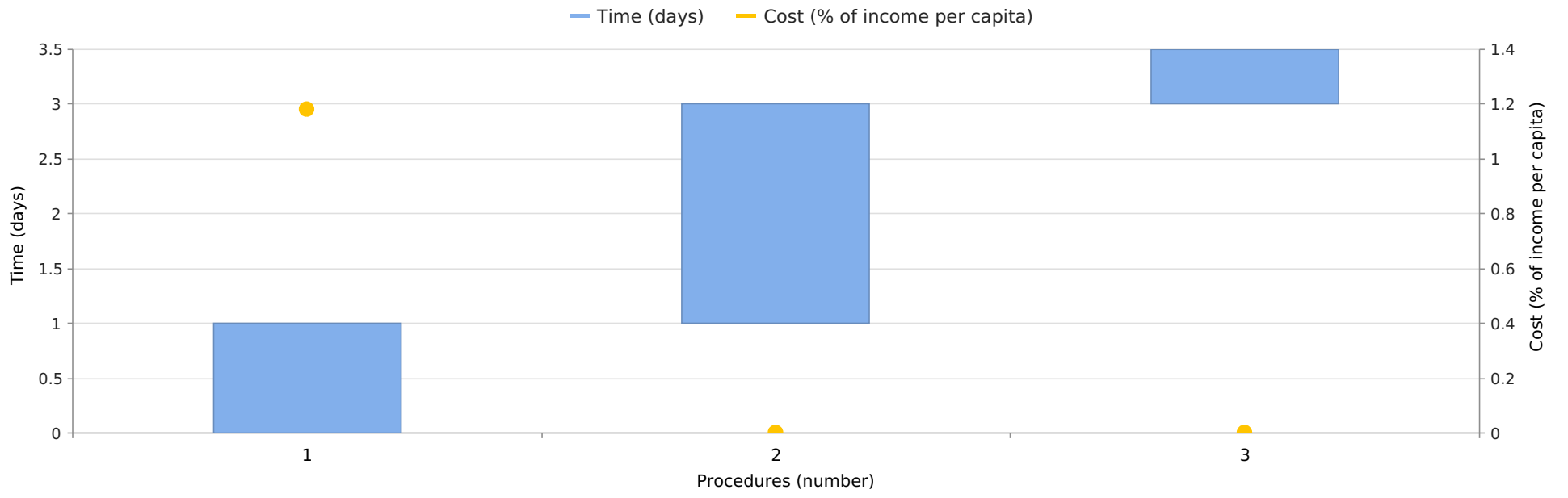


Figure - Starting a Business in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Azerbaijan - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Details - Starting a Business in Azerbaijan - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Obtain electronic signature for online registration <i>Agency</i> : Data Processing Center under the Ministry of Transport, Communication and High Technologies</p> <p>An electronic signature is a pre-requisite to online registration. The most common type of electronic signature is ASAN Imza, which can be activated on a sim-card. ASAN Imza costs AZN 18 and is valid for 3 years. Each founder is required to obtain e-signature (alternatively, a PoA needs to be issued and notarized, which will then require only one person to obtain e-signature). As of January 1, 2019, online registration of legal entities can be done using a PIN issued on the national ID card. This method is becoming more popular; however, the majority of entrepreneurs are not fully aware of the option and continue obtaining ASAN Imza signatures.</p>	1 day	AZN 18 (e-signature ASAN-Imza, per person)
2	<p>Apply for registration; obtain TIN number and register for VAT <i>Agency</i> : ASAN service centers</p> <p>Online application for registration is available at https://www.e-taxes.gov.az/ as of February 2012 (Article 5-1. has been added to the Law of Azerbaijan Republic "On state registration of legal entities and state registry.") Online application for registration is exempted from state fee and is completely free (Article 20-1.3 of the Law of Azerbaijan Republic "On State Fee").</p> <p>To register a commercial entity online a digital signature ASAN-Imza is required. The government of Azerbaijan passed new amendments to the Law "On state registration of legal entities and state registry" (dated 28.12.2018, 1447-VQD). In accordance with these amendments, as of January 1, 2019 the online registration of the commercial legal entity can be carried out using the PIN number from a national ID card and a mobile phone number. The online registration using a PIN is becoming more popular; however, the majority of entrepreneurs still get the ASAN-Imza signature and prefer to register a company at ASAN centers. The only document required to be submitted online is company charter.</p> <p>The online registration is done within 1-2 days. According to the amendment made to the Law "on Administrative Procedure" (28.12.2018, 1446-VQD), all registration documents are encoded by the relevant Bar Code and are electronically sent to commercial legal entities, and are sufficient to start company operations. Expedited registration is available for companies that have one founder.</p> <p>Documents required for paper registration include the following: -Payment of a State fee - AZN 11 (applicable for paper application only) -Standard application form -Founding documents - the charter of the entity approved by the founder or his/her legal representative, minutes of the foundation meeting; -Resolution of establishment -If the founder is an individual - copy of his/her identity card (notarization of the signature is optional);</p>	2 days	no charge
3	<p>Register employees with the Ministry of Labor and Social Protection <i>Agency</i> : Ministry of Labor and Social Protection</p> <p>As of February 9, 2014, all employment agreements must be registered with the Ministry of Labor and Social Protection. Registration is done at the website of the Ministry of Labor and Social Protection (accessible through www.e-gov.az). After that, immediate confirmation is obtained and employees can start actual employment. A fine of AZN 20,000 - 25,000 applies to legal entities if employment agreements were not registered.</p>	Less than one day (online procedure)	no charge

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p>Procedures to legally build a warehouse (number)</p> <ul style="list-style-type: none"> • Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates • Submitting all required notifications and receiving all necessary inspections • Obtaining utility connections for water and sewerage • Registering and selling the warehouse after its completion <p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule • Procedure is considered completed once final document is received • No prior contact with officials <p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes <p>Building quality control index (0-15)</p> <ul style="list-style-type: none"> • Quality of building regulations (0-2) • Quality control before construction (0-1) • Quality control during construction (0-3) • Quality control after construction (0-3) • Liability and insurance regimes (0-2) • Professional certifications (0-4) 	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p> <p>The construction company (BuildCo):</p> <ul style="list-style-type: none"> - Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. - Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts. - Owns the land on which the warehouse will be built and will sell the warehouse upon its completion. <p>The warehouse:</p> <ul style="list-style-type: none"> - Will be used for general storage activities, such as storage of books or stationery. - Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita. - Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures. - Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements). <p>The water and sewerage connections:</p> <ul style="list-style-type: none"> - Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built. - Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day. - Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Azerbaijan

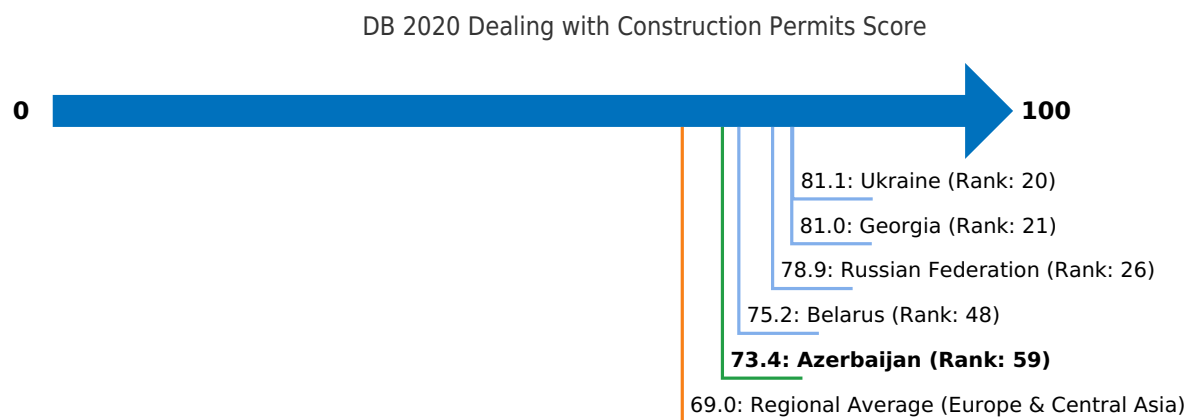
Standardized Warehouse

Estimated value of warehouse	AZN 380,334.60			
City Covered	Baku			
Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	18	16.2	12.7	None in 2018/19
Time (days)	116	170.1	152.3	None in 2018/19
Cost (% of warehouse value)	1.7	4.0	1.5	None in 2018/19
Building quality control index (0-15)	12.0	12.1	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Azerbaijan - Score

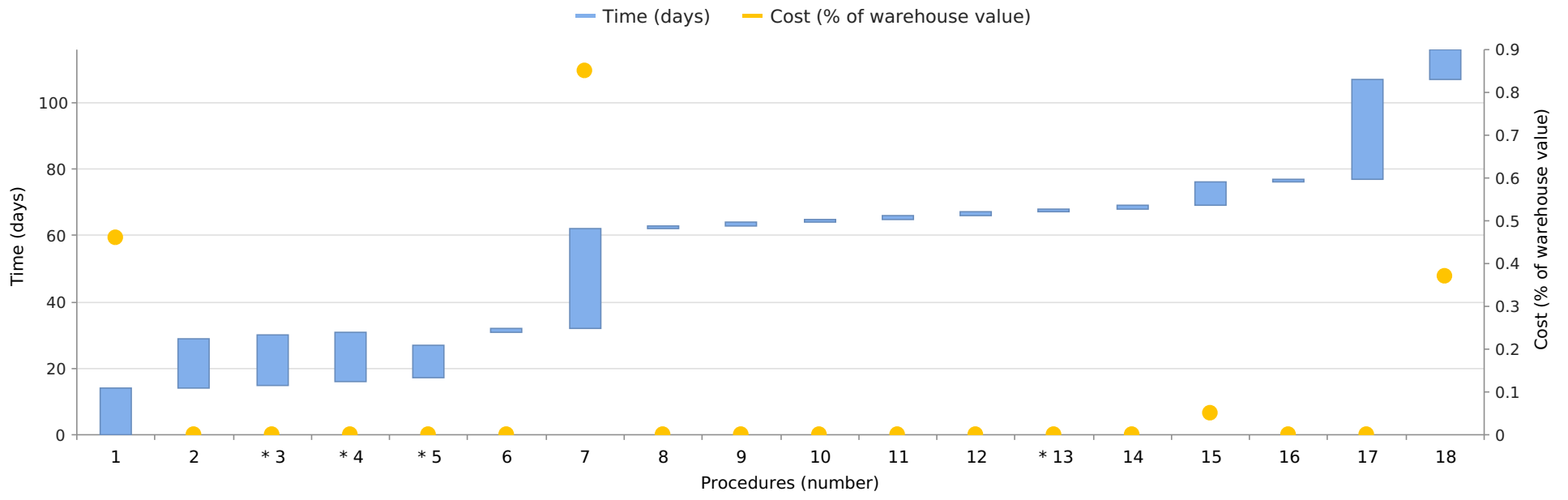


Figure - Dealing with Construction Permits in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

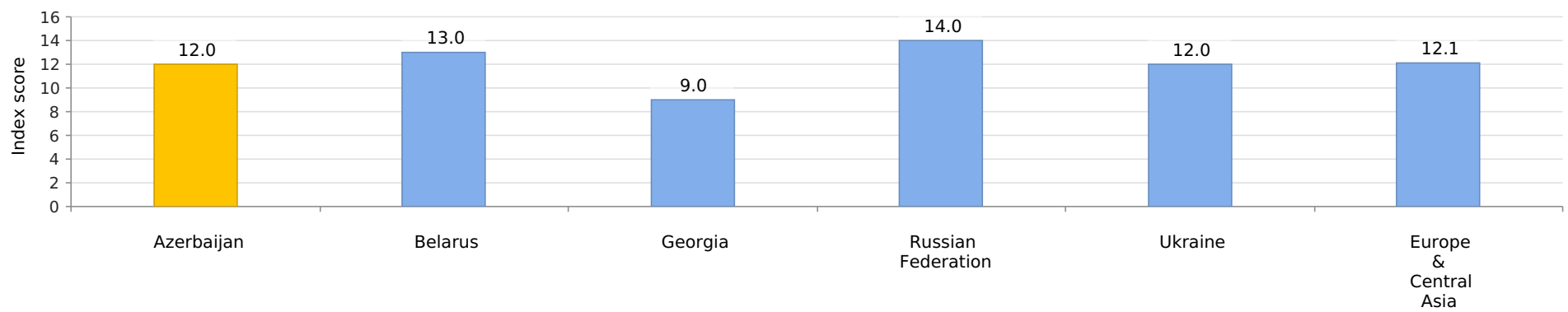
Figure - Dealing with Construction Permits in Azerbaijan - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Azerbaijan and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Azerbaijan - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Obtain geotechnical study / soil test <i>Agency</i> : Private licensed company The soil investigation helps to determine the bearing capacity of the land, which in turn helps to determine the load capability, the type and depth of foundation, in order to make sure to select a suitable construction technique.</p>	14 days	AZN 1,750
2	<p>Obtain technical conditions from the Baku City Sanitation and Epidemiology Center <i>Agency</i> : Baku City Sanitation and Epidemiology Center Technical conditions from the Baku City Sanitation and Epidemiology Center are required for the preparation of the project.</p> <p>According to the new Building Code, the Baku city executive authority will have to obtain all technical conditions and approvals on behalf of BuildCo. However, in practice building companies obtain the technical conditions directly from the issuing authorities.</p>	15 days	no charge
⇒ 3	<p>Obtain technical conditions from the State Fire Control Service of the Ministry for Emergency Situations (MES) <i>Agency</i> : Fire Department (Ministry for Emergency Situations) Under the law "On Fire Safety" and according to other norms of Azerbaijan, the authorities (taking into account prohibitions and limitations) shall grant a permit and, if necessary, present specific guidelines for the construction design and implementation phases. A fire inspection must be carried out.</p> <p>According to the new Building Code, the Baku city executive authority will have to obtain all technical conditions and approvals on behalf of BuildCo. However, in practice building companies obtain the technical conditions and project approvals directly from the issuing authorities.</p>	15 days	no charge
⇒ 4	<p>Obtain technical conditions from the Ministry of Ecology and Natural Resources <i>Agency</i> : Ministry of Ecology and Natural Resources According to the law "On Environmental Protection", a permit shall be granted and the conditions adjusted to meet environmental protection regulations, land reclamation, rehabilitation and efficient use of natural resources, improvement of territories, and enhancement of the environment.</p> <p>According to the new Building Code, the Baku city executive authority will have to obtain all technical conditions and approvals on behalf of BuildCo. However, in practice building companies obtain the technical conditions and project approvals directly from the issuing authorities.</p>	15 days	no charge
⇒ 5	<p>Obtain technical conditions from the water and sewage authority (Azersu OJSC) <i>Agency</i> : Azersu OJSC Under the law "On Water Supply and Waste Waters", the water and sewage authority will grant a permit and issue guidelines for the construction design and implementation phases. In doing so, the authorities must consider prohibitions and limitations for the water system and wastes. Connection to the main lines is permitted after construction is done.</p> <p>According to the new Building Code, the Baku city executive authority will have to obtain all technical conditions and approvals on behalf of BuildCo. However, in practice building companies obtain the technical conditions and project approvals directly from the issuing authorities.</p>	10 days	no charge
6	<p>Register construction passport at Baku City Executive Authority <i>Agency</i> : Baku City Executive Authority (Department of Architecture and City Building) Based on the technical conditions and the opinions received from the various agencies, BuildCo creates a construction passport that will allow for the project design phase to begin. Once the passport is registered at the Baku City Executive Authority (Department of Architecture and City Building), BuildCo obtains a number assigned to the project. The project must be registered this way for all of the agencies involved to have access to the information.</p>	1 day	no charge

7	<p>Request and obtain a building permit through the single window <i>Agency</i> : Single Window at the Baku City Executive Authority According to Article 75 of the Urban Planning and Construction Code, BuildCo submits an application to the Single Window at the Baku City Executive Office. The building permit application includes the following:</p> <ul style="list-style-type: none"> - copy of document certifying the right of ownership, lease or use of the land plot; - construction project; - copy of excerpt from state register of legal persons, if the customer is a legal person. <p>BuildCo gets the building permit together with a mark for construction (i.e. signing board with all the relevant information about construction: the name of the construction company, the duration of construction, the area of construction, etc) which will be placed at the site to inform the neighbors and public about the construction.</p>	30 days	AZN 3,221
8	<p>Receive inspection of foundation works <i>Agency</i> : Chief Agency for Construction Supervision and Safety According to the Article 96.2.1 of the Building Code of the Republic of Azerbaijan, the competent state bodies have to conduct supervision of construction. State supervision of construction is carried out in the order stipulated in the "Rules of state supervision of construction", approved by Presidential Decree of November 17, 2014, № 349". The inspections are conducted in all major phases of the construction and inspection results are recorded in the Registry of State Supervision in Construction.</p>	1 day	no charge
9	<p>Receive inspection of structural works <i>Agency</i> : Chief Agency for Construction Supervision and Safety According to the Article 96.2.1 of the Building Code of the Republic of Azerbaijan, the competent state bodies have to conduct supervision of construction. State supervision of construction is carried out in the order stipulated in the "Rules of state supervision of construction", approved by Presidential Decree of November 17, 2014, № 349". The inspections are conducted in all major phases of the construction and inspection results are recorded in the Registry of State Supervision in Construction.</p>	1 day	no charge
10	<p>Receive inspection of plumbing works <i>Agency</i> : Chief Agency for Construction Supervision and Safety According to the Article 96.2.1 of the Building Code of the Republic of Azerbaijan, the competent state bodies have to conduct supervision of construction. State supervision of construction is carried out in the order stipulated in the "Rules of state supervision of construction", approved by Presidential Decree of November 17, 2014, № 349". The inspections are conducted in all major phases of the construction and inspection results are recorded in the Registry of State Supervision in Construction.</p>	1 day	no charge
11	<p>Receive inspection of roofing works <i>Agency</i> : Chief Agency for Construction Supervision and Safety According to the Article 96.2.1 of the Building Code of the Republic of Azerbaijan, the competent state bodies have to conduct supervision of construction. State supervision of construction is carried out in the order stipulated in the "Rules of state supervision of construction", approved by Presidential Decree of November 17, 2014, № 349. The inspections are conducted in all major phases of the construction and inspection results are recorded in the Registry of State Supervision in Construction.</p>	1 day	no charge
12	<p>Receive examination from Labor Inspection and other state authorities during construction works <i>Agency</i> : Ministry of Economic Development All examinations, except for tax, may be carried out only with the participation of a representative from the Azerbaijan Republic Ministry of Economic Development. Pursuant to the Labor Code and its implementing rules and regulations, the state labor authorities may examine the workplace and labor protection and technical security policies. A report is issued with the examination results.</p>	1 day	no charge
⇒ 13	<p>Receive inspection from Ministry of Ecology and Natural Resources <i>Agency</i> : Ministry of Ecology and Natural Resources If environmental standards were not in full compliance during construction, the Ministry of Ecology and Natural Resources could inspect the site. An act or statement is issued with the examination results.</p>	1 day	no charge
14	<p>Receive inspection from State Fire Control Service of the Ministry of Emergency Situations <i>Agency</i> : Ministry for Emergency Situations (Chief Agency of Supervision on Safety at Construction) Fire inspections could be conducted to check if fire prevention measures are in order. A report is issued with the examination results.</p>	1 day	no charge
15	<p>Obtain water and sewage connection <i>Agency</i> : AzerSu (State Water Agency) Connecting to the water supply and sewage systems is done in accordance with the "Rules of issuing of technical specifications and connection of consumers to the water supply and sewage", approved by the Cabinet of Ministers of Azerbaijan Republic dated August 13, 2014, № 275.</p> <p>The fee to obtain a water and sewage connection is AZN 2.00 multiplied by the water volume to be delivered in 24 hours (based on the connected pipe's diameter). In this case, it is assumed that 100 cubic meters can be delivered in 24 hours.</p>	7 days	AZN 200

16	<p>Receive final inspection</p> <p><i>Agency</i> : Chief Agency for Construction Supervision and Safety and Baku City Executive Authority (Department of Architecture and City Building)</p> <p>Once the building is complete and the water and sewage connection is obtained, a final inspection is performed by representatives from the Chief Agency for Construction Supervision and Safety and the Baku City Executive Authority (Department of Architecture and City Building), with the investor and BuildCo present. Only after the final inspection may BuildCo apply for an occupancy permit.</p>	1 day	no charge
17	<p>Request and obtain occupancy permit</p> <p><i>Agency</i> : State control authorities: Architecture and City Building Department and ecology, energy, sanitation, fire inspection, and supply organizations</p> <p>After BuildCo completes construction, a commission will examine the building quality and determine the feasibility of putting the building into operation. The commission consists of representatives from the state control authorities, especially the Architecture and City Building Department, and representatives of organizations for ecology, energy, sanitation, supply, and fire inspection.</p>	30 days	no charge
18	<p>Register building with Real Estate Registry</p> <p><i>Agency</i> : Real Estate Registry</p> <p>This procedure is governed by the Civil Code of the Azerbaijan Republic and the Law of the Azerbaijan Republic on State Registry of Real Estate. Attached to the application must be the documents defining the company status, construction documents, and a copy of the act or the statement on the operation license. Relevant fees must also be paid. The State Registry of Real Estate registers the building (warehouse) according to the following schedule:</p> <ul style="list-style-type: none"> - Regular Service: 10 business days (14 calendar days); regular fee - Faster Service: 7 business days (9 calendar days); fee multiplied by 1.5 - Express Service: 3 business days (4 calendar days); fee multiplied by 2 - One-day Service: 1 business day; fee multiplied by 3 <p>BuildCo will obtain the complete property right (ownership, order, and use) over the building (warehouse) from the date the certificate is registered.</p>	9 days	AZN 1,395

⇒ Takes place simultaneously with previous procedure.

Details - Dealing with Construction Permits in Azerbaijan - Measure of Quality

	Answer	Score
Building quality control index (0-15)		12.0
Quality of building regulations index (0-2)		2.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge; In official gazette.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		0.0
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	No party is held liable under the law.	0.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
Professional certifications index (0-4)		4.0
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Passing a certification exam.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Passing a certification exam.	2.0

⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Azerbaijan

Standardized Connection

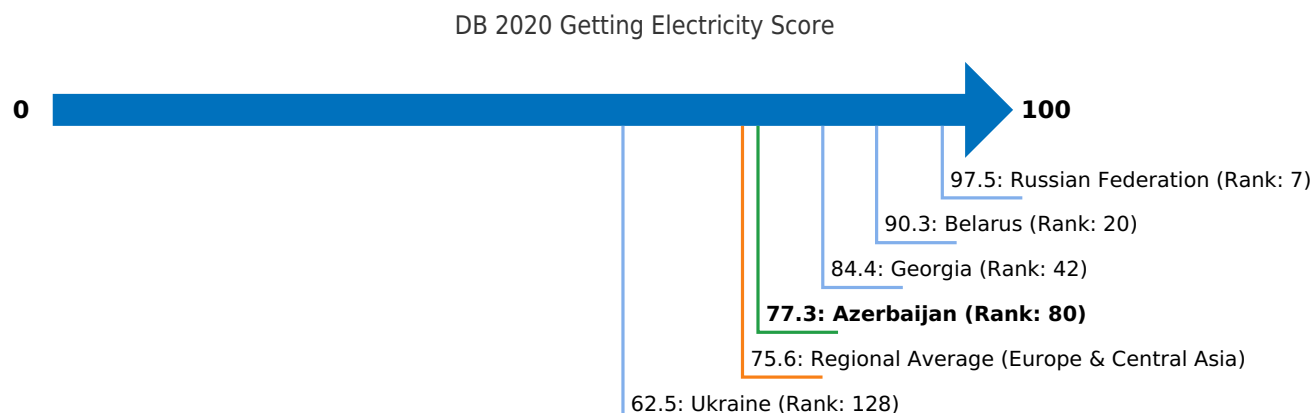
Name of utility	Azerishiq OJSC
Price of electricity (US cents per kWh)	4.8
City Covered	Baku

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	7	5.1	4.4	3 (28 Economies)
Time (days)	41	99.6	74.8	18 (3 Economies)
Cost (% of income per capita)	125.7	271.9	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	7	6.2	7.4	8 (26 Economies)

Figure - Getting Electricity in Azerbaijan - Score

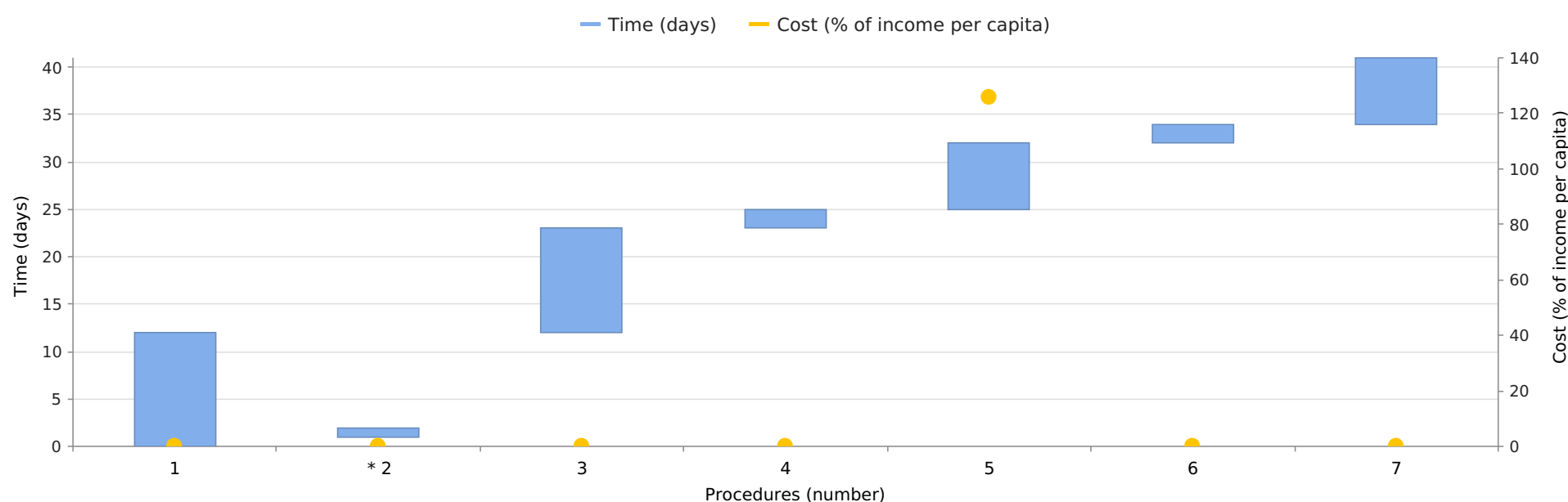


Figure - Getting Electricity in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Azerbaijan - Procedure, Time and Cost

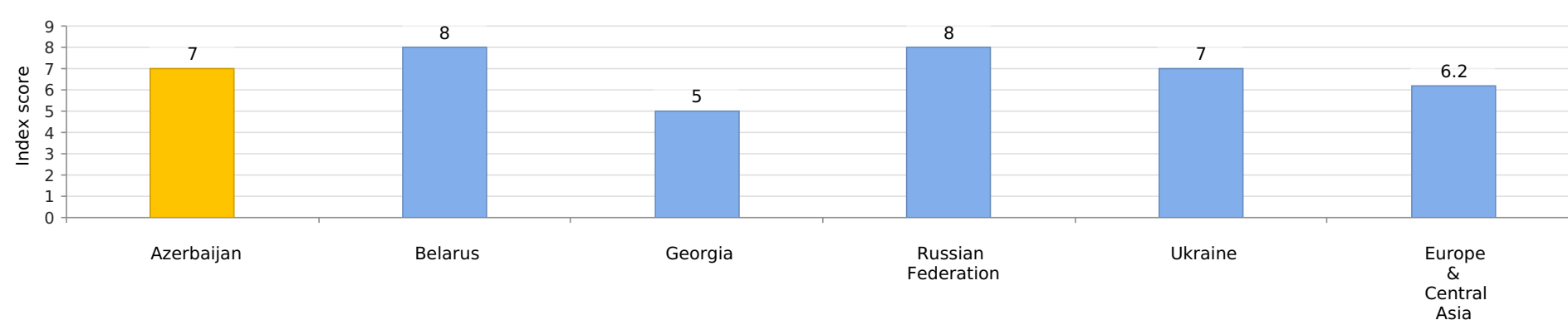


*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Azerbaijan and comparator economies - Measure of Quality



Details - Getting Electricity in Azerbaijan - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Submit application to Asan Communal and receive technical conditions <i>Agency : Asan Communal</i> The customer submits an application for a new electricity connection to Asan Communal or online through the online service available from 1st January, 2019 (https://www.e-gov.az/az/login/index/?return=/az/services/read/3405/0)</p> <p>When submitting applications in person to ASAN Utility, customers usually provide the following documents:</p> <ul style="list-style-type: none"> • copy of state registration certificate of legal entity; • copy of document proving the right of ownership or use of a facility and a land plot where the facility is situated; • breakdown of the power load <p>When submitting applications online, customers are not required to submit hard copy of the documents, only the registration numbers of the documents are input into the online application.</p>	12 calendar days	AZN 0
⇒ 2	<p>Receive site inspection by Azerishiq OJSC for preparing technical conditions <i>Agency : Azerishiq OJSC</i> A network engineer will visit the site to determine the arrangements for an optimal connection and prepare the technical conditions. Someone from the applicant's party is usually present at the site during the inspection.</p>	1 calendar day	AZN 0
3	<p>Await completion and approval on the design of the external connection <i>Agency : Azerishiq OJSC</i> Azerishiq OJSC prepares the design of the external electrical connection based on the technical conditions.</p>	11 calendar days	AZN 0
4	<p>Submit notification on the commencement of the external works <i>Agency : Local Executive Authority, Ministry of Energy</i> After the receipt of the application for technical conditions and electrical connection, Asan communal submits an application for an excavation permit without involving the customer. However, a customer sends a letter to the Local Executive authority and Ministry of Energy notifying about the beginning of the excavation works.</p>	2 calendar days	AZN 0
5	<p>Receive external works from electrical contractor <i>Agency : Electrical contractor</i> The customer hires a licensed electrical installation organization to carry out the external connection works.</p>	7 calendar days	AZN 9,562.5
6	<p>Receive inspection by Energonadzor <i>Agency : Energonadzor (State Energy Inspectorate)</i> After the completion of the external connection works there is a final inspection by Energonadzor (State Energy Inspectorate). Energonadzor checks the compliance of the installation with the technical conditions. Although such inspection is not legally mandated, the clients often require that inspection is carried out by Energonadzor in order to ensure quality of the external works.</p>	2 calendar days	AZN 0
7	<p>Conclude supply contract with Azerishiq OJSC and await final connection <i>Agency : Azerishiq OJSC</i> Upon the inspection, the customer signs a supply contract, and within 5 working days (7 calendar days) the customer is connected to the electrical network and electricity starts flowing.</p>	7 calendar days	AZN 0

⇒ Takes place simultaneously with previous procedure.

Details - Getting Electricity in Azerbaijan - Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	7
Total duration and frequency of outages per customer a year (0-3)	3
System average interruption duration index (SAIDI)	0.9
System average interruption frequency index (SAIFI)	1.0
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	www.tariffcouncil.gov.az/documents/N17-EE.pdf
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Azerbaijan

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	4	5.5	4.7	1 (5 Economies)
Time (days)	4.5	20.8	23.6	1 (2 Economies)
Cost (% of property value)	7.0	2.7	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	22.5	20.4	23.2	None in 2018/19

Figure - Registering Property in Azerbaijan - Score

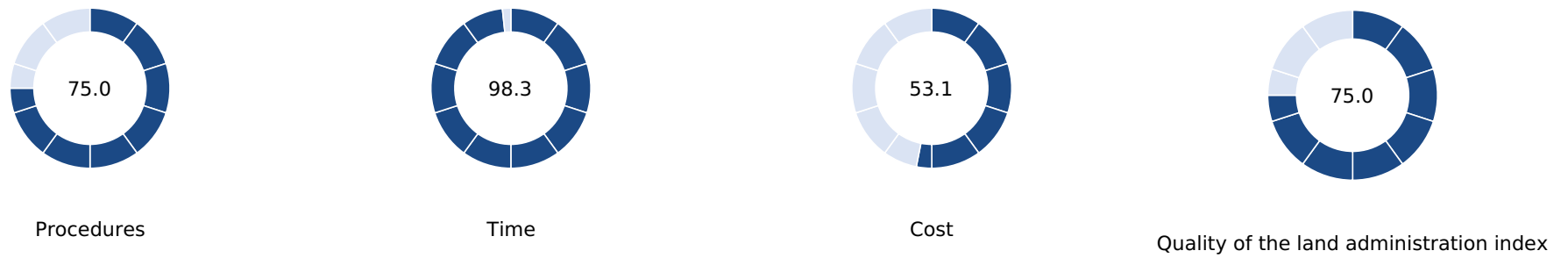
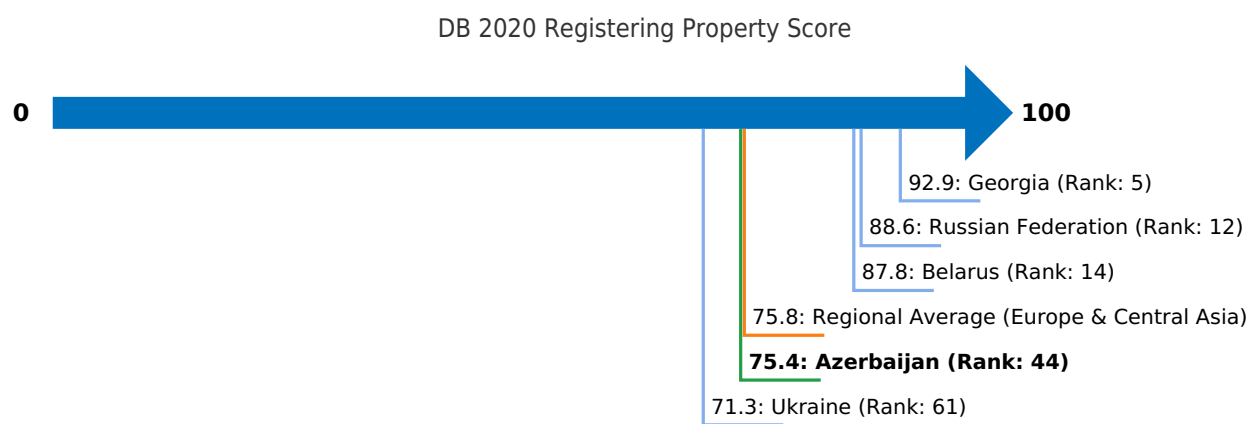
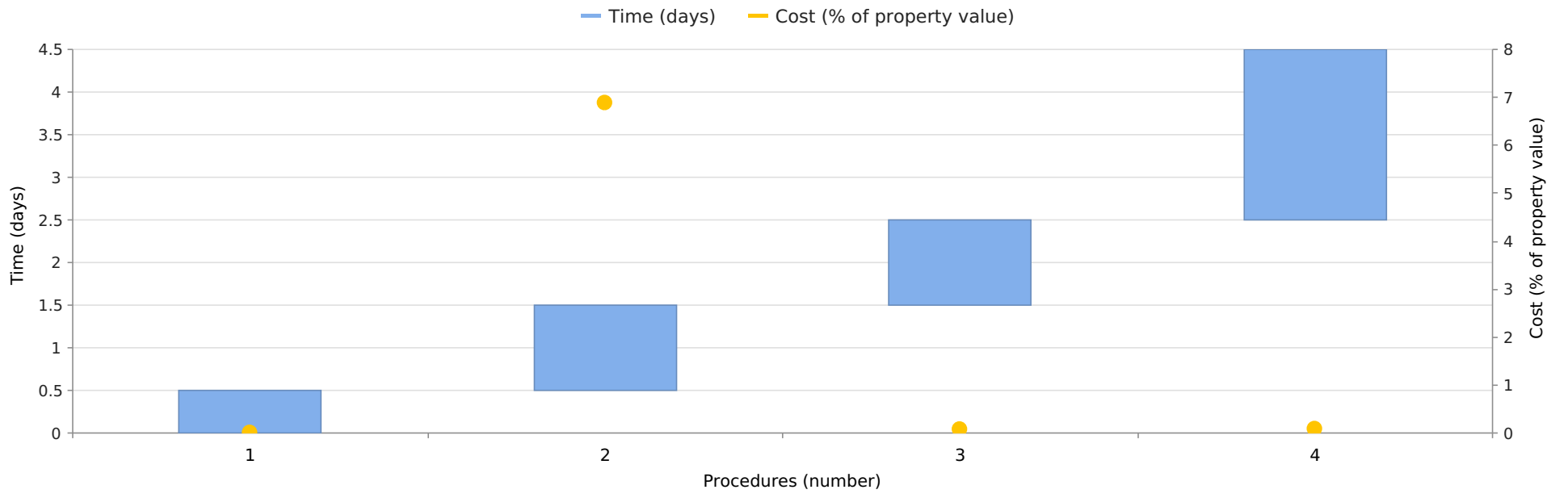


Figure - Registering Property in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

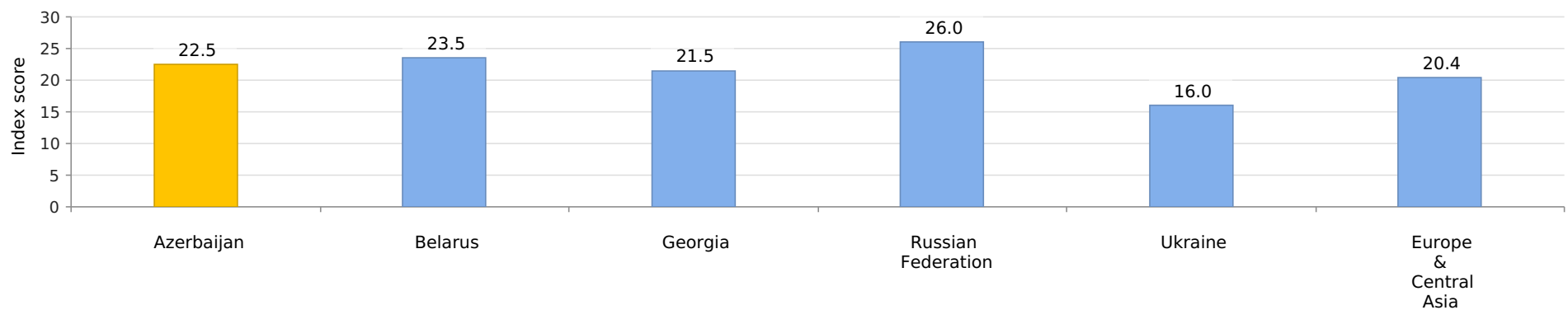
Figure - Registering Property in Azerbaijan - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Azerbaijan and comparator economies - Measure of Quality



Details - Registering Property in Azerbaijan - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Notary public conducts a title search <i>Agency</i> : Notary public office The buyer and the seller visit the Notary Public at the Land Registry and delivers the required documents. The documentation shall include:</p> <ul style="list-style-type: none"> • Property title • Seller's cadastral package of documents • Documents showing no outstanding property taxes and utilities bills • Technical passport of the property (according to Article 144.2 of the Civil Code, amended by the law of the Republic of Azerbaijan No. 201-IVQD dated September 30, 2011 "On Making Amendments to the Civil Code of the Republic of Azerbaijan", the notary certifies the agreement, which transfers immovable property in accordance with the technical specifications of such immovable property as recorded in the Real Estate State Registrar Service). <p>The notary will check all documents, conduct a title search. Public notaries have full access to the e-government portal which is backed by the state registry, check encumbrances, including if there is a court order or judgment of the court, foreclosure order, pledge, bankruptcy. The new website is https://asan.gov.az/en The buyer will be given a payment slip to deposit the agreed amount into a depository account of the notary.</p>	Less than one day, online	AZN 10
2	<p>Payment of agreed amount and transfer tax in the depository account of the Public Notary. <i>Agency</i> : Commercial Bank The buyer must place the agreed amount to a depository account of the notary. The bank will charge a fee is 0.2% of the value, paid by the buyer and the simplified tax is paid by the seller.</p> <p>Since January 1, 2017, the seller is required to pay taxes on the lands and living /non-living quarters. There are zones in Azerbaijan and each has a specific tax percentage. The tax amount depends on the square feet of the property being sold. Baku is sub-divided into 12 zones. The Doing Business case study warehouse is most likely to be in zone 12. This tax amount will be automatically deducted from the notary account before the seller recovers the amount of the sale.</p> <p>The notary who approves the contract for the sale of real estate will:</p> <ol style="list-style-type: none"> calculates simplified tax for each transaction; withholds the calculated simplified tax from the payment base; pays taxes to the state budget within 1 banking day; Presents the "declaration on simplified tax withholding by the notary from the payment base" to the tax authority no later than the 20th of the month following the reporting month. <p>Once payment is made at the Bank, the buyer will bring back the proof of payment to the notary. The sale and purchase agreement can now be signed and notarized.</p>	1 day	AZN 26,178.11; (Size of land (557.4 sq.m) x 0.5(base amount) x 1.2 (coefficient for zone 12) = + Size of building (929 sq.m) x ANZ 15 (base amount) x 1.2 (coefficient for zone 12) x 1.5 (the tax for non-living areas is calculated by application of 1,5 rising coefficient) + 0.2% bank fee charges)

3	<p>Notarization of sale-purchase agreement <i>Agency</i> : Public Notary's Office</p> <p>Once all fees are deposited in the Notary's account and the proof of payment has been provided to the Notary, the sale-purchase agreement can be signed by both parties and notarized. Under the law, the sale-purchase agreement and the transfer and acceptance act duly signed by both parties must be notarized. There is no legal requirement for the agreement to be prepared by a lawyer. Accordingly, the parties are free to prepare the agreement themselves. The stamp duty is paid to the notary, which in turn shall transfer to amount to the Treasury within two banking days since the date of receipt of the duty. However, in practice the stamp duty can be paid at a commercial bank. If the parties pay at the bank, receipt of payment should be submitted.</p> <p>The documentation shall include:</p> <ul style="list-style-type: none"> • Sale-purchase agreement and transfer and acceptance act • Registration certificates • Seller's cadastral package of documents • Corporate documents of the parties (e.g. charters, foundation agreements, powers of attorney) • Technical passport of the property (according to Article 144.2 of the Civil Code, amended by the law of the Republic of Azerbaijan No. 201-IVQD dated September 30, 2011 "On Making Amendments to the Civil Code of the Republic of Azerbaijan", the notary certifies the agreement, which transfers immovable property in accordance with the technical specifications of such immovable property as recorded in the Real Estate State Registrar Service) • Deposit slip (the buyer presents the deposit slip from the bank, confirming that the funds were properly deposited before notary notarizes the transfer agreement. After the completion of transaction, the notary write a cheque payable to the seller to be presented to the bank to collect the purchase price for the property). 	1 day	AZN 250; ()
4	<p>The buyer obtains the updated title <i>Agency</i> : Real Estate State Register Service under State Committee on Property Issues</p> <p>The notary registers the transfer of a property in e-Notary system and sends the notification to the land cadaster. Then the notary issues a slip confirming that the transfer of a property was completed. Then the buyer returns to the land registry to obtain the hard copy of the Property right certificate.</p> <p>Service fees for building: Technical re-inventory of real estate (service fee of this section is determined by applying 0,2 ratio to relevant tariffs of 1st section, but minimum amount must not be under AZN 14,0)</p> <p>Non-residential buildings (facilities), property complexes and enterprises.</p> <ul style="list-style-type: none"> - up to 50 m² 50.0 - for every 1 m² area exceeding 50 m² to 100 m² 1.40 - for every 1 m² area exceeding 100 m² to 200 m² 1.0 - For every 1 m² area exceeding 200 m² to 300 m² 0.95 - for every 1 m² area exceeding 300 m² to 400 m² 0.90 - for every 1 m² area, exceeding 400 m² to 500 m² 0.85 - for every 1 m² area exceeding 500 m² to 600 m² 0.80 - for every 1 m² area exceeding 600 m² to 700 m² 0.75 - for every 1 m² area exceeding 700 m² to 800 m² 0.70 <p>Land Plot - Other land plots</p> <ul style="list-style-type: none"> - When the area is less than 0,01 hectares = 60 - For each 0.01 ha of 0.01 hectares, when the area is from 0.01 ha to 0.10 ha = 7 	2 days	AZN 317.88; (- AZN 159.48 payable for the registration of a title transfer for the warehouse of 929 square meters of the total area; - AZN 18.4 payable for the registration of a title transfer for the land of 557.4 square meters of the total land area; - AZN 50 state duty for technical passport; - AZN 30 state duty for an extract; - AZN 60 official service fee)

⇒ Takes place simultaneously with previous procedure.

Details - Registering Property in Azerbaijan - Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		22.5
Reliability of infrastructure index (0-8)		8.0
Type of land registration system in the economy:	Title Registration System	
What is the institution in charge of immovable property registration?	Baku City Territorial Office of SSRRE under SCPI	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Real Estate Cadastre and Address Register Service	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0-6)		3.0
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://e-emdk.gov.az/home/instructions	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://emdk.gov.az/index.php/en/2014-01-18-10-59-32/2014-05-08-07-08-19	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.e-emdk.gov.az/Home/Reqlement	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2018:	69888 (first time registration + Transfer)	
Who is able to consult maps of land plots in the largest business city?	Only intermediaries and interested parties	0.0

Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://www.tariffcouncil.gov.az/?/az/content/164/ and http://e-qanun.az/framework/2860	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.e-emdk.gov.az/Home/Reqlement	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0-8)		4.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
Land dispute resolution index (0-8)		7.5
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Civil Code of the Republic of Azerbaijan, Article 146; The Law No 713-IIQ, dated 29 June 2004 of the Republic of Azerbaijan "On State Registry of Immovable Property".	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

Legal basis:	Article 13 and 29 of the Constitution of the Republic of Azerbaijan (the property is inalienable and is protected by law); State registration property rights and their transfer is the acknowledgment by the State of the relevant rights and their transfers (Subsection 2.1 of the Law "on State Register of Immovable Property"). Civil Code of the Republic of Azerbaijan, Article 148.2, stating that the ownership rights and rights of any person over immovable property acquired in accordance with the record in the State Registry of immovable property shall be protected and Article 146.8 indicates that state bears responsibility for incorrect, incomplete registration or non-registration of immovable property.		
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No		0.0
Legal basis:			
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes		0.5
If yes, who is responsible for checking the legality of the documents?	Notary;		
Does the legal system require verification of the identity of the parties to a property transaction?	Yes		0.5
If yes, who is responsible for verifying the identity of the parties?	Notary;		
Is there a national database to verify the accuracy of government issued identity documents?	Yes		1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Baku Administrative-Economic Court No1 or No2 (depending on territorial jurisdiction)		
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year		3.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	Yes		0.5
Number of land disputes in the economy in 2018:	3663.0		
Equal access to property rights index (-2-0)			0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes		
Do married men and married women have equal ownership rights to property?	Yes		0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

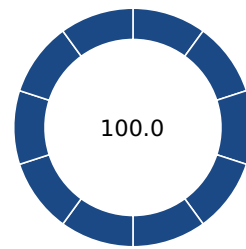
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Azerbaijan

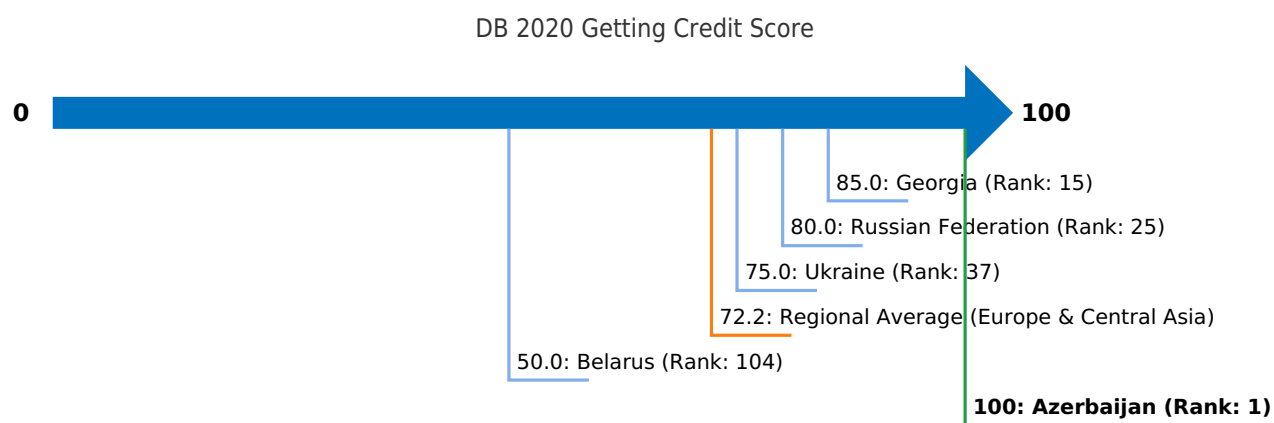
Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	12	7.8	6.1	12 (5 Economies)
Depth of credit information index (0-8)	8	6.7	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	0.0	24.0	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	44.6	41.7	66.7	100.0 (14 Economies)

Figure - Getting Credit in Azerbaijan - Score



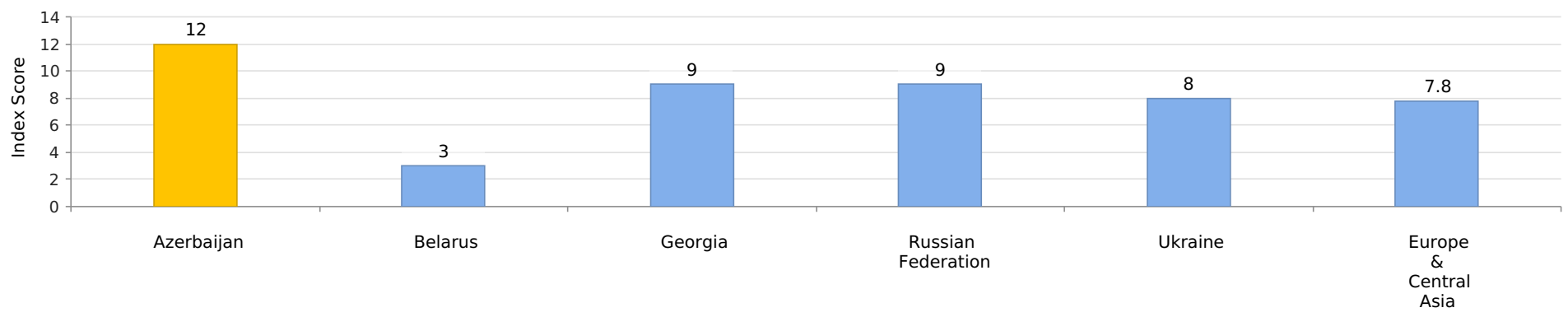
Score - Getting Credit

Figure - Getting Credit in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Azerbaijan and comparator economies



Details - Legal Rights in Azerbaijan

Strength of legal rights index (0-12)

12

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? Yes

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? Yes

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? Yes

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? Yes

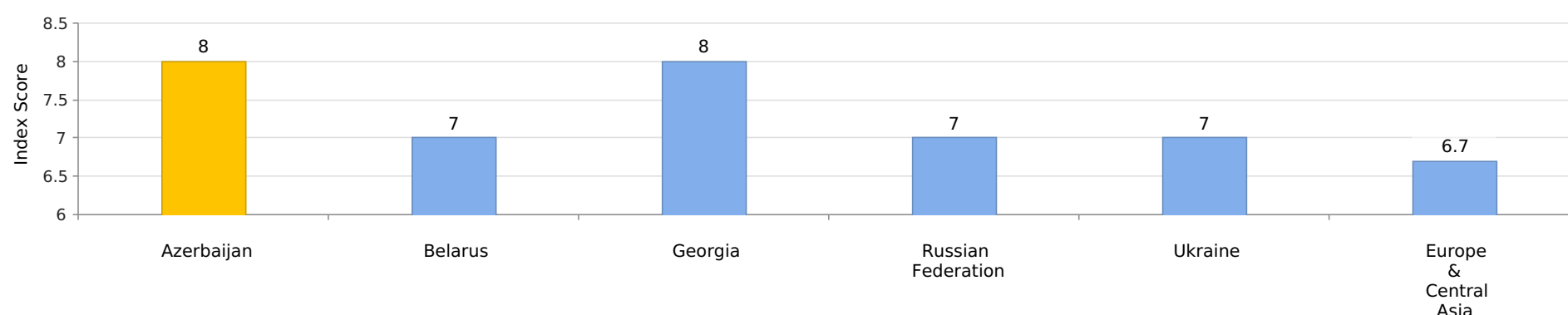
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? Yes

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? Yes

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure - Credit Information in Azerbaijan and comparator economies



Details - Credit Information in Azerbaijan

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	3,074,113	0
Number of firms	49,714	0
Total	3,123,827	0
Percentage of adult population	44.6	0.0

Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

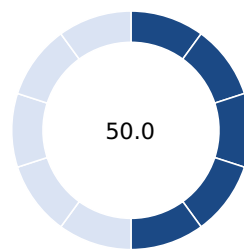
Protecting Minority Investors - Azerbaijan

Stock exchange information

Stock exchange	Baku Stock Exchange
Stock exchange URL	http://www.bfb.az
Listed firms with equity securities	7
City Covered	Baku

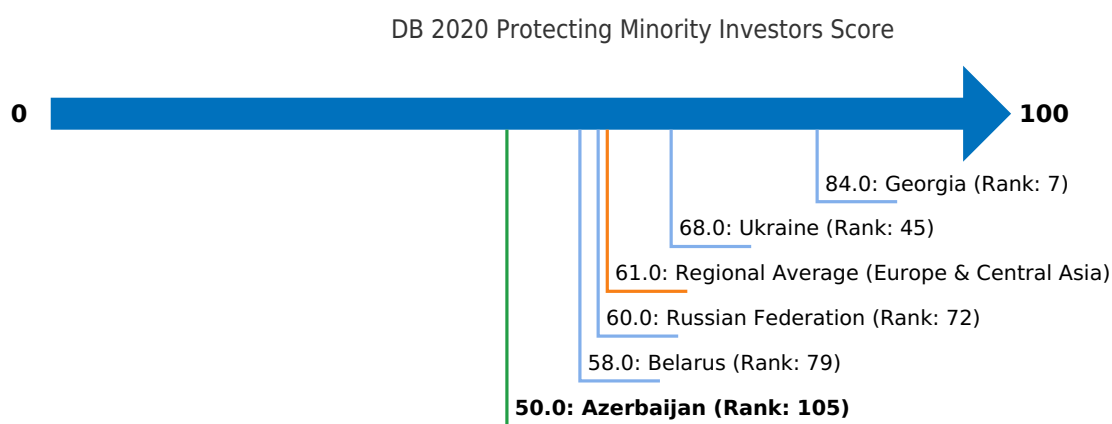
Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	10.0	7.5	6.5	10 (13 Economies)
Extent of director liability index (0-10)	7.0	5.0	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	8.0	6.8	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	0.0	3.4	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	0.0	3.7	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	0.0	4.1	5.7	7 (13 Economies)

Figure - Protecting Minority in Azerbaijan - Score



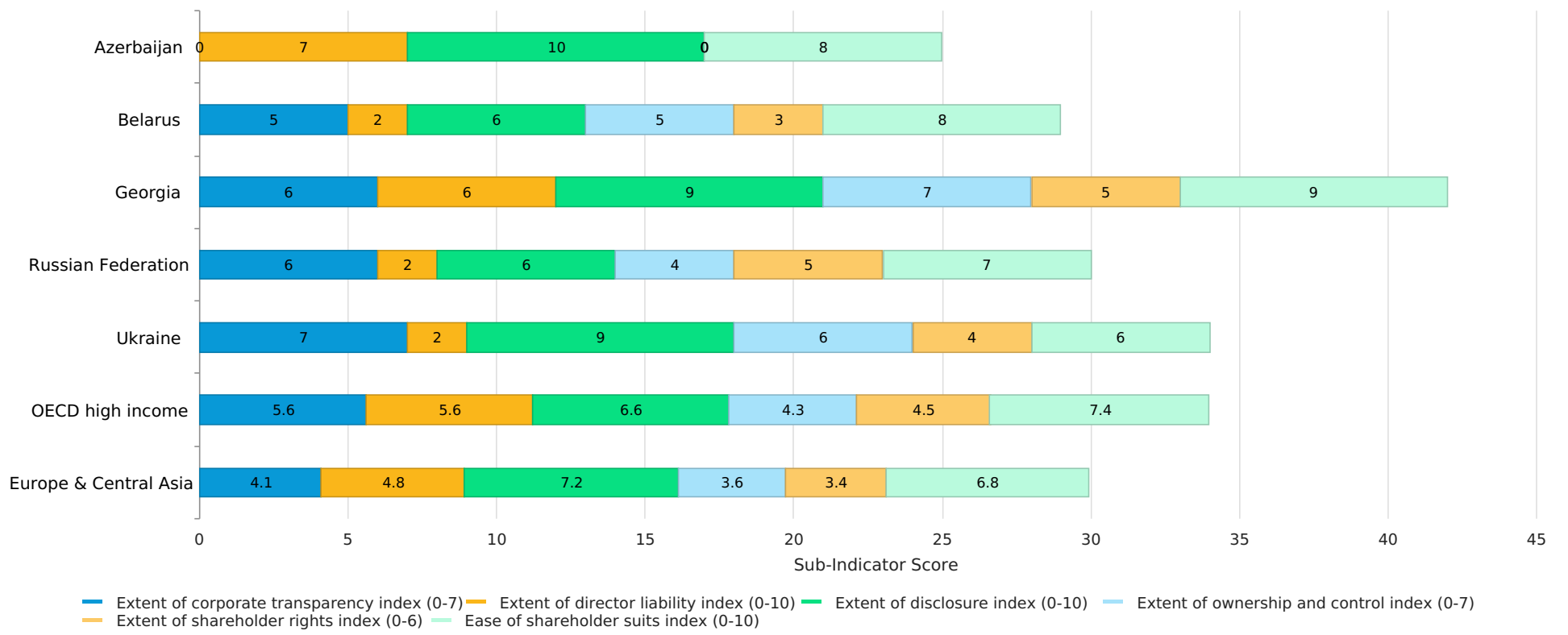
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Azerbaijan and comparator economies - Measure of Quality



Details - Protecting Minority Investors in Azerbaijan - Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-30)		
Extent of disclosure index (0-10)		10.0
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders excluding interested parties	3.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Extent of director liability index (0-10)		7.0
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if unfair or prejudicial	2.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if unfair or prejudicial	2.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		8.0
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-20)		
Extent of shareholder rights index (0-6)		0.0
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Extent of ownership and control index (0-7)		0.0

Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Extent of corporate transparency index (0-7)		0.0
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	Yes	1.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

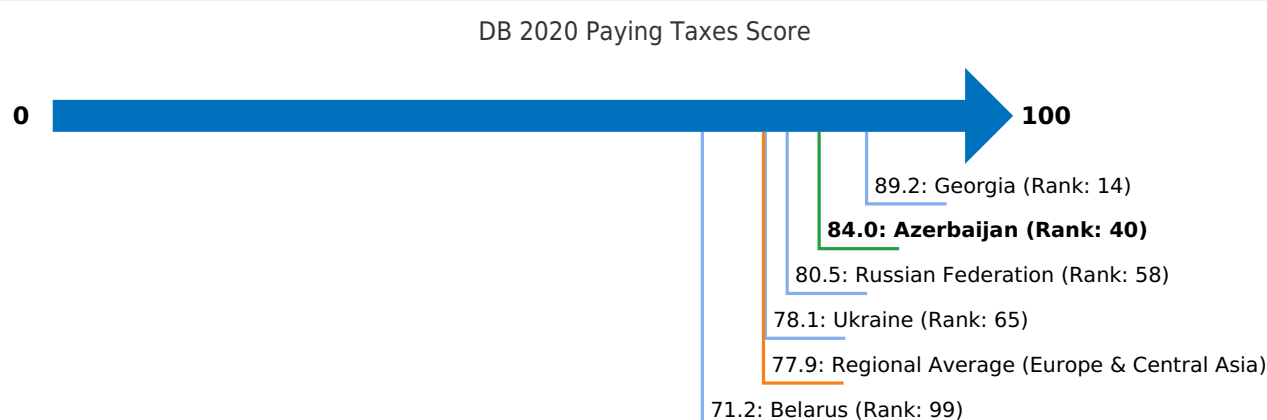
Paying Taxes - Azerbaijan

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Payments (number per year)	9	14.4	10.3	3 (2 Economies)
Time (hours per year)	159	213.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	40.7	31.7	39.9	26.1 (33 Economies)
Postfiling index (0-100)	83.8	68.2	86.7	None in 2018/19

Figure - Paying Taxes in Azerbaijan - Score

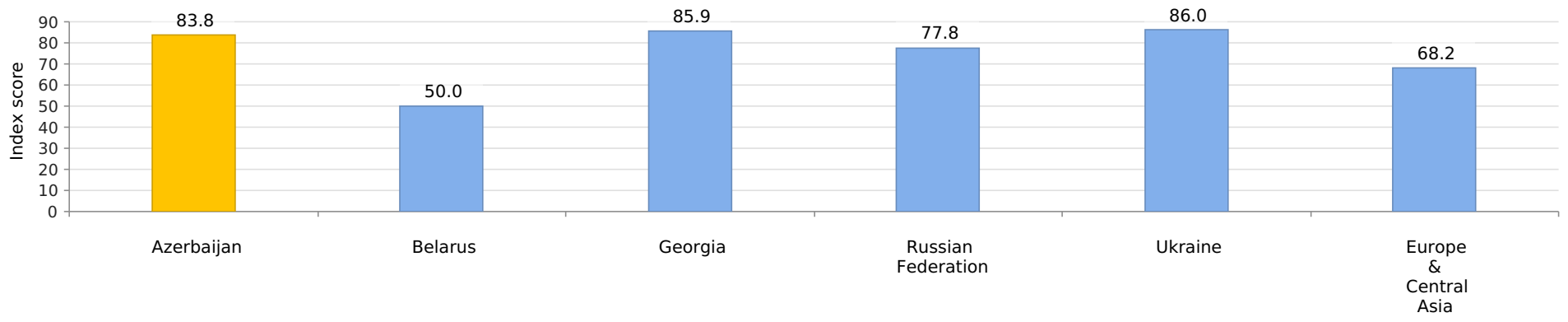


Figure - Paying Taxes in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Azerbaijan and comparator economies - Measure of Quality



Details - Paying Taxes in Azerbaijan

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Social security contributions	1.0	online	65.0	22%	gross salaries	24.82	
Corporate income tax	1.0	online	50.0	20%	taxable profit	12.72	
Property Tax	1.0	online		1%	Annual average tax written down value of Fixed Assets	2.00	
Simplified property transfer tax	1.0			AZN 1,672.2	based on zoning, district coefficient and size of the land plot	0.56	
Employer paid - unemployment insurance	1.0	online		0.5%	gross salaries	0.56	
Tax on interest	0.0			10%	interest income	0.26	included in other taxes
Land tax	1.0	online		AZN 10	land area per 100 square meters	0.02	
Value added tax (VAT)	1.0	online	44.0	18%	goods and services	0.00	not included
Fuel tax	1.0				included in price of fuel	0.00	small amount
Employee paid - labor tax	0.0	online and jointly		14%-25%	gross salaries	0.00	withheld
Employee paid - Social security	0.0	online and jointly		3%	gross salaries	0.00	withheld
Employee paid - unemployment insurance	1.0	online		0.5%	gross salaries		withheld
Totals	9		159			40.7	

Details - Paying Taxes in Azerbaijan - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	12.7
Labor tax and contributions (% of profit)	25.4
Other taxes (% of profit)	2.6

Details - Paying Taxes in Azerbaijan - Measure of Quality

	Answer	Score
Postfiling index (0-100)		83.8
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	none	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	Yes	
Time to comply with VAT refund (hours)	8.0	85.0
Time to obtain VAT refund (weeks)	28.0	52.9
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	3.0	97.2
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Azerbaijan

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	17	16.1	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	214	150.0	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	33	25.1	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	250	87.6	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	14	20.4	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	300	158.8	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	33	23.4	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	200	85.9	23.5	0 (30 Economies)

Figure - Trading across Borders in Azerbaijan - Score

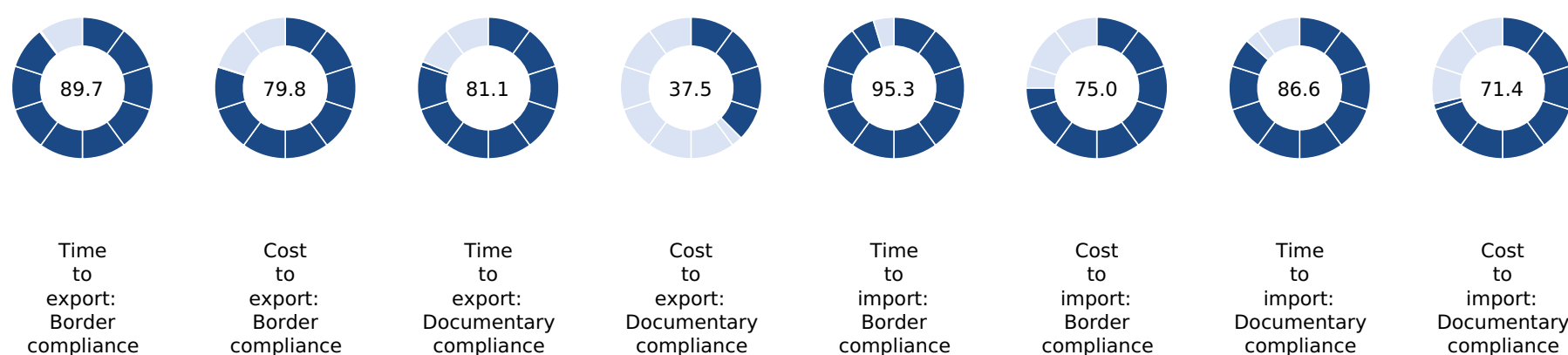
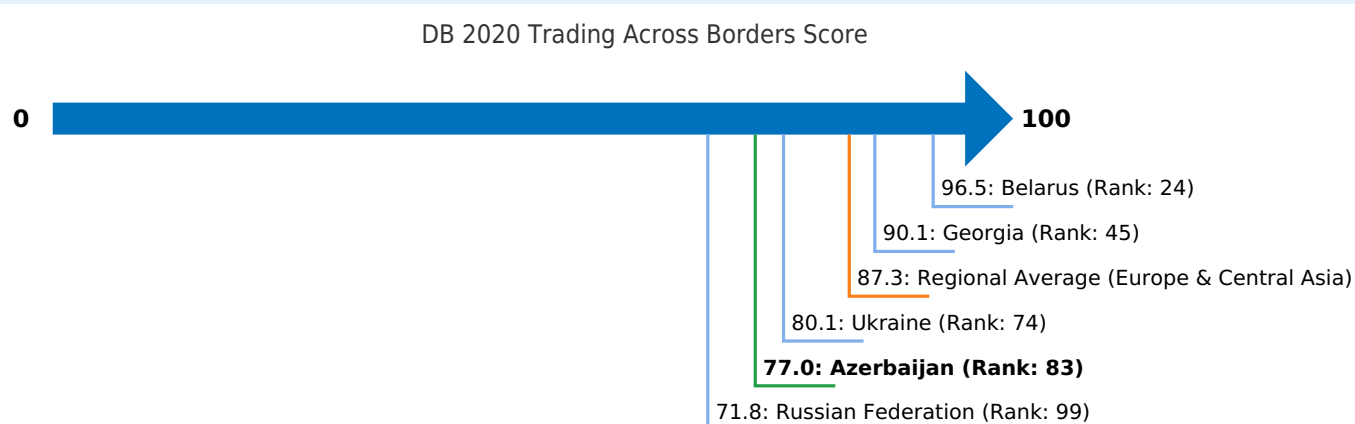
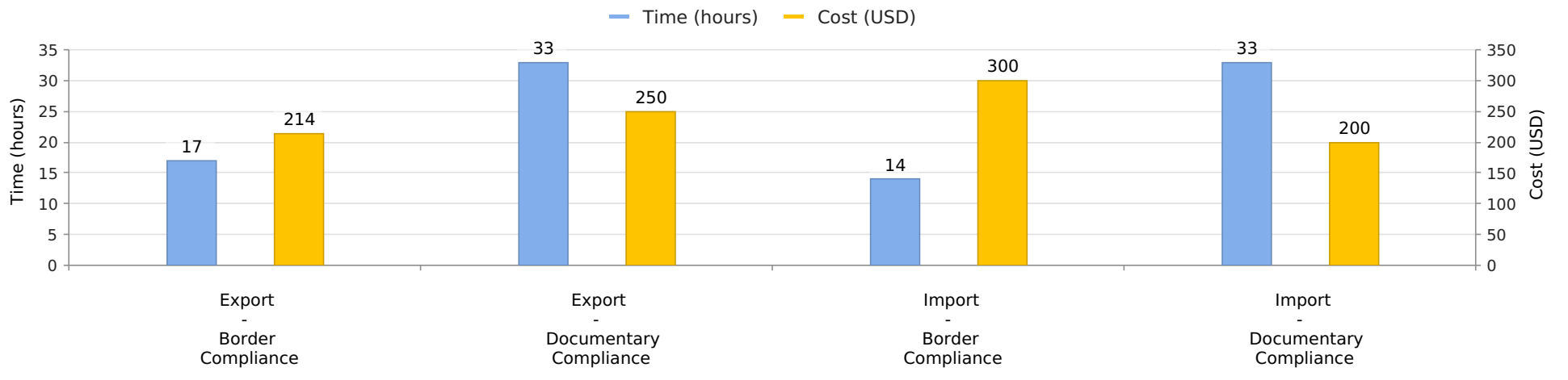


Figure - Trading across Borders in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Azerbaijan - Time and Cost



Details - Trading across Borders in Azerbaijan

Characteristics	Export	Import
Product	HS 17 : Sugars and sugar confectionery	HS 8708: Parts and accessories of motor vehicles
Trade partner	Iraq	Russian Federation
Border	Astara border crossing	Samur border crossing
Distance (km)	320	204
Domestic transport time (hours)	8	6
Domestic transport cost (USD)	500	400

Details - Trading across Borders in Azerbaijan - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	12.0	177.0
Export: Clearance and inspections required by agencies other than customs	2.4	37.1
Export: Port or border handling	3.0	0.0
Import: Clearance and inspections required by customs authorities	10.0	300.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	4.1	0.0

Details - Trading across Borders in Azerbaijan - Trade Documents

Export	Import
Commercial invoice	Commercial invoice
Certificate of origin	Certificate of origin
Contract	Contract with supplier
Customs Export Declaration	Customs Import Declaration
Phytosanitary certificate	CMR waybill
CMR waybill	Preliminary customs declaration

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Azerbaijan

Standardized Case

Claim value	AZN 13,620
Court name	Baku Administrative Commercial Court
City Covered	Baku

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time (days)	277	496.4	589.6	120 (Singapore)
Cost (% of claim value)	18.5	26.6	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	8.0	10.3	11.7	None in 2018/19

Figure - Enforcing Contracts in Azerbaijan - Score

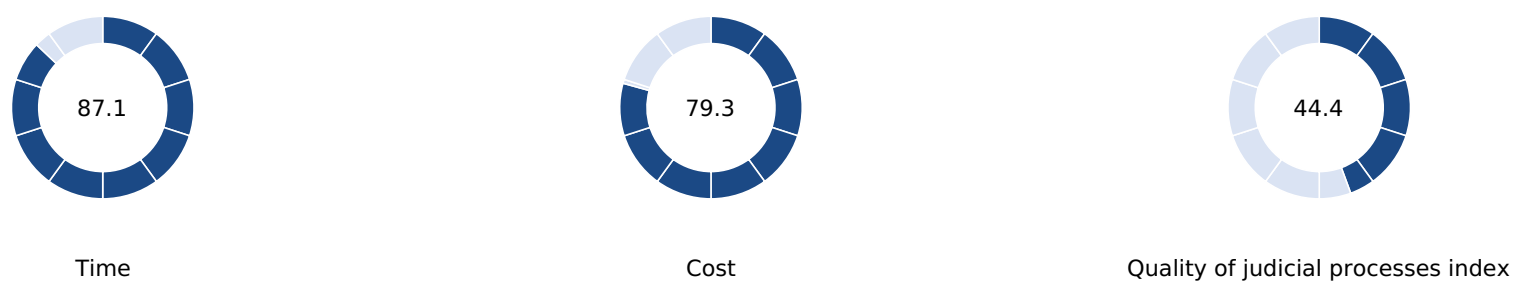
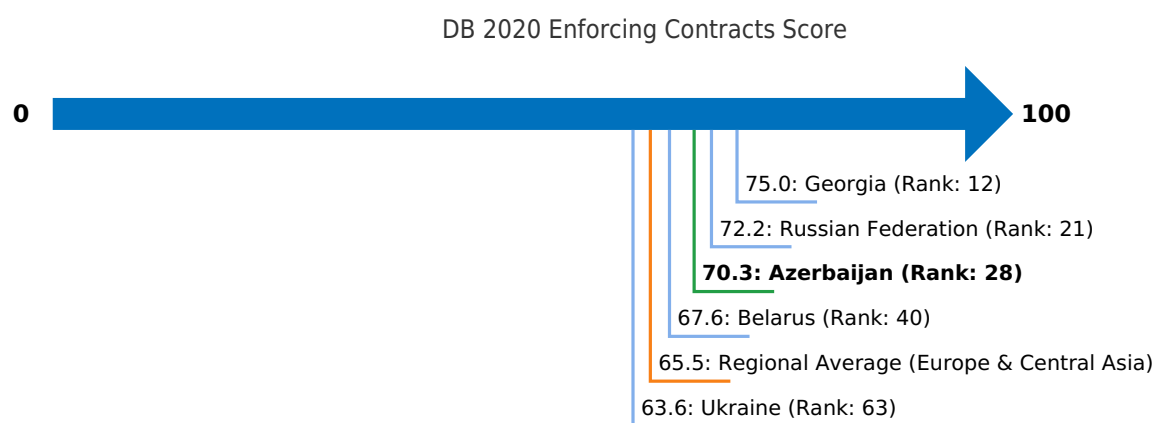


Figure - Enforcing Contracts in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Azerbaijan - Time and Cost

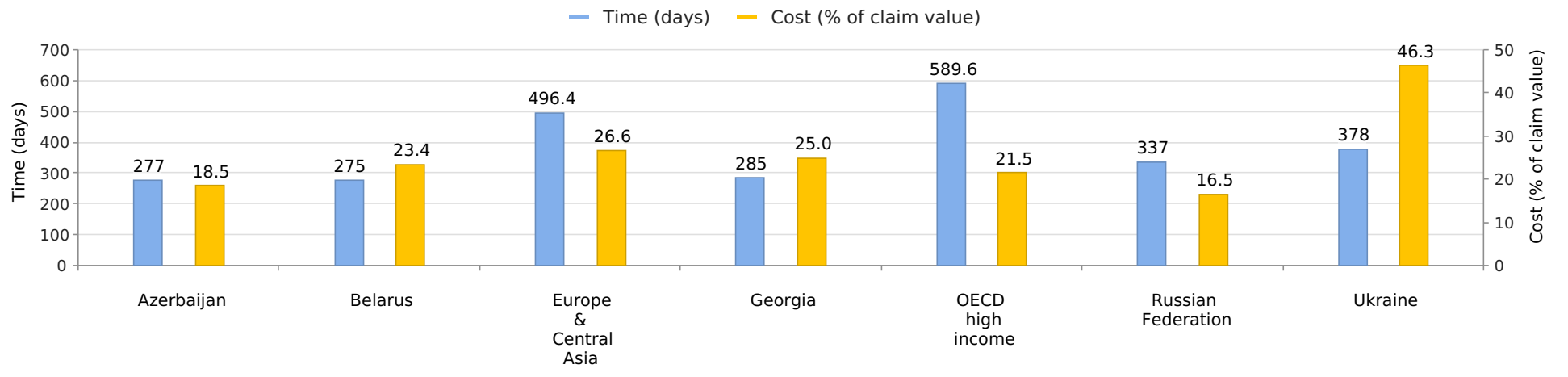
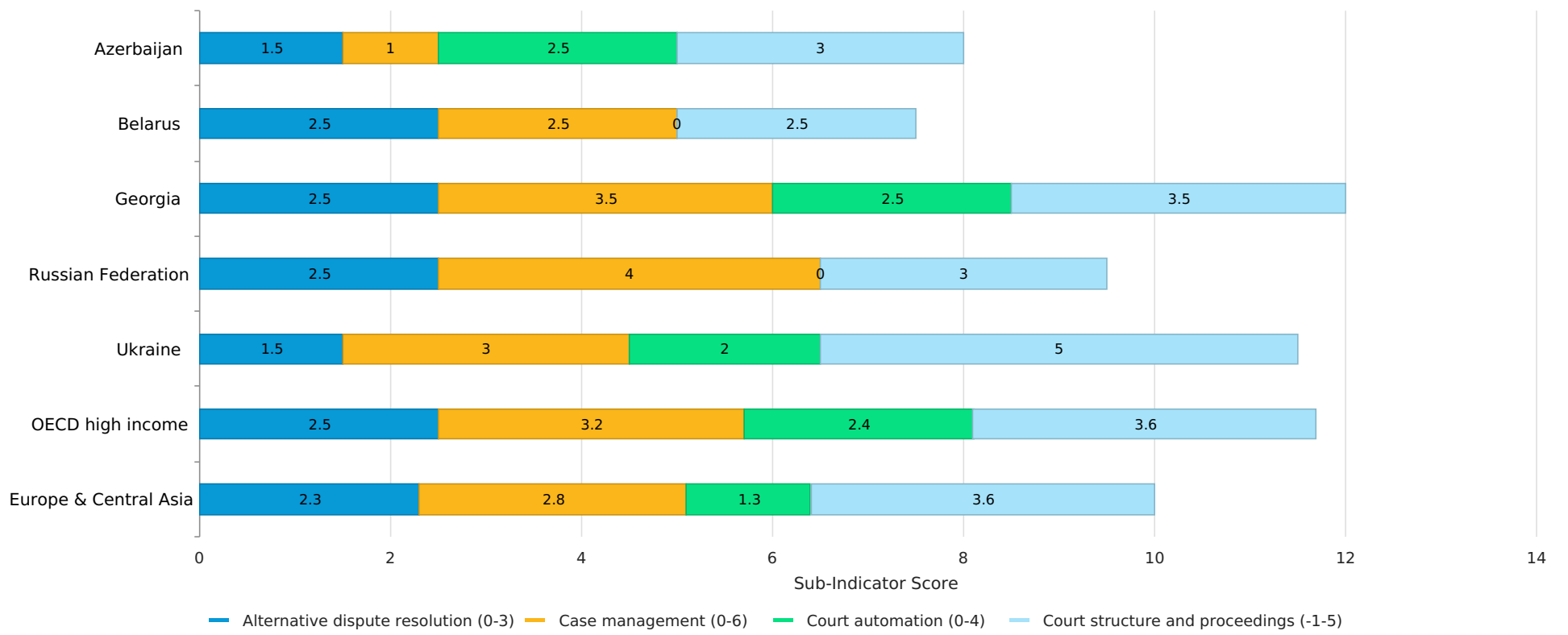


Figure - Enforcing Contracts in Azerbaijan and comparator economies - Measure of Quality



Details - Enforcing Contracts in Azerbaijan

	Indicator
Time (days)	277
Filing and service	27
Trial and judgment	160
Enforcement of judgment	90
Cost (% of claim value)	18.5
Attorney fees	16.4
Court fees	1.1
Enforcement fees	1
Quality of judicial processes index (0-18)	8.0
Court structure and proceedings (-1-5)	3.0
Case management (0-6)	1.0
Court automation (0-4)	2.5
Alternative dispute resolution (0-3)	1.5

Details - Enforcing Contracts in Azerbaijan - Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		8.0
Court structure and proceedings (-1-5)		3.0
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		1.0
1. Time standards		0.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	No	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		2.5
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	Yes	1.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		0.5
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		1.5
1. Arbitration		0.0
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	No	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	n.a.	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	n.a.	

2. Mediation/Conciliation	1.5
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)?	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	Yes

Resolving Insolvency

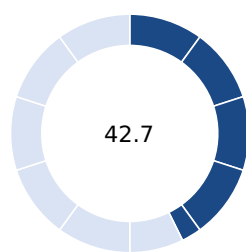
Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p>Time required to recover debt (years)</p> <ul style="list-style-type: none"> • Measured in calendar years • Appeals and requests for extension are included <p>Cost required to recover debt (% of debtor's estate)</p> <ul style="list-style-type: none"> • Measured as percentage of estate value • Court fees • Fees of insolvency administrators • Lawyers' fees • Assessors' and auctioneers' fees • Other related fees <p>Outcome</p> <ul style="list-style-type: none"> • Whether business continues operating as a going concern or business assets are sold piecemeal <p>Recovery rate for creditors</p> <ul style="list-style-type: none"> • Measures the cents on the dollar recovered by secured creditors • Outcome for the business (survival or not) determines the maximum value that can be recovered • Official costs of the insolvency proceedings are deducted • Depreciation of furniture is taken into account • Present value of debt recovered <p>Strength of insolvency framework index (0- 16)</p> <ul style="list-style-type: none"> • Sum of the scores of four component indices: • Commencement of proceedings index (0-3) • Management of debtor's assets index (0-6) • Reorganization proceedings index (0-3) • Creditor participation index (0-4) 	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p> <ul style="list-style-type: none"> - A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties. - The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater. - The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise. <p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>

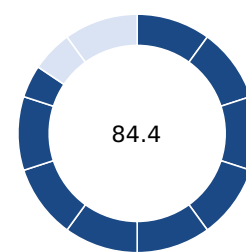
Resolving Insolvency - Azerbaijan

Indicator	Azerbaijan	Europe & Central Asia	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	39.7	38.5	70.2	92.9 (Norway)
Time (years)	1.5	2.3	1.7	0.4 (Ireland)
Cost (% of estate)	12.0	13.3	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	13.5	11.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Azerbaijan - Score

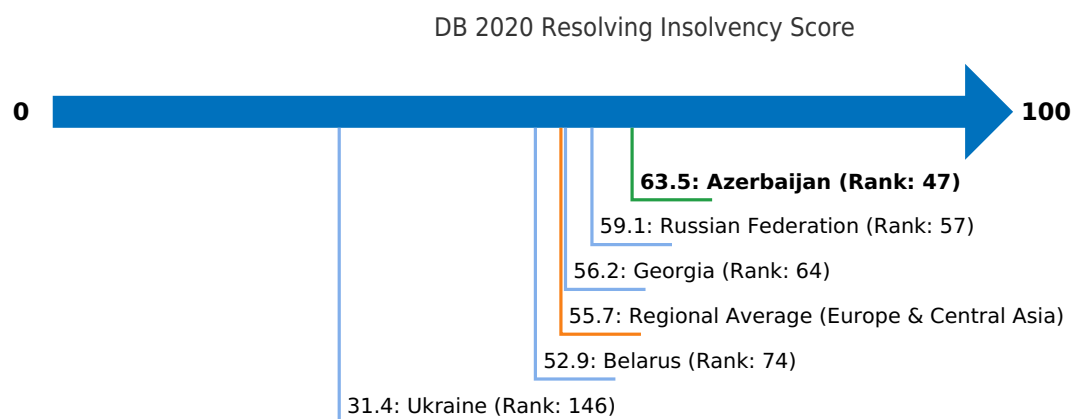


Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Azerbaijan and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Azerbaijan - Time and Cost

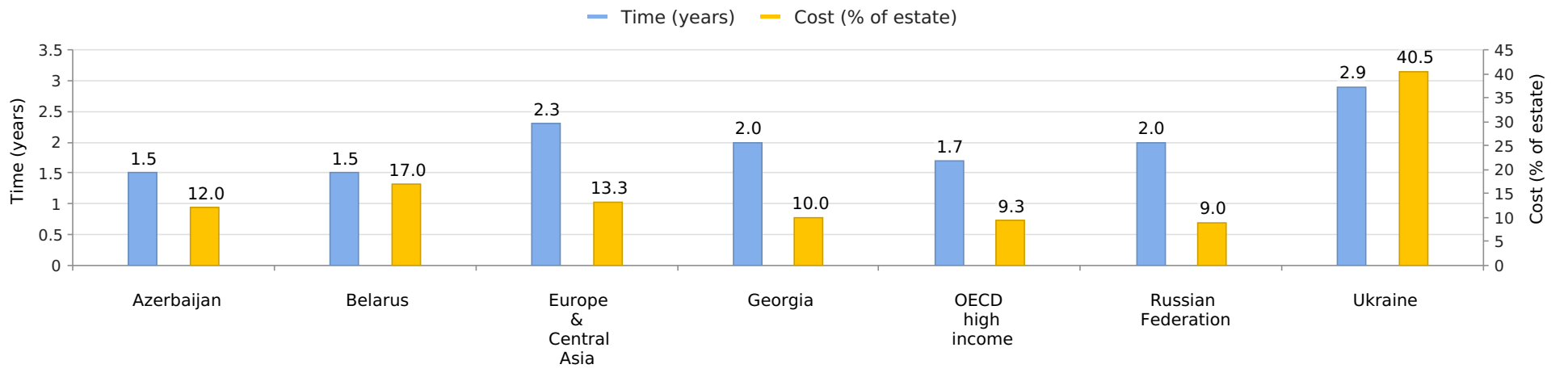
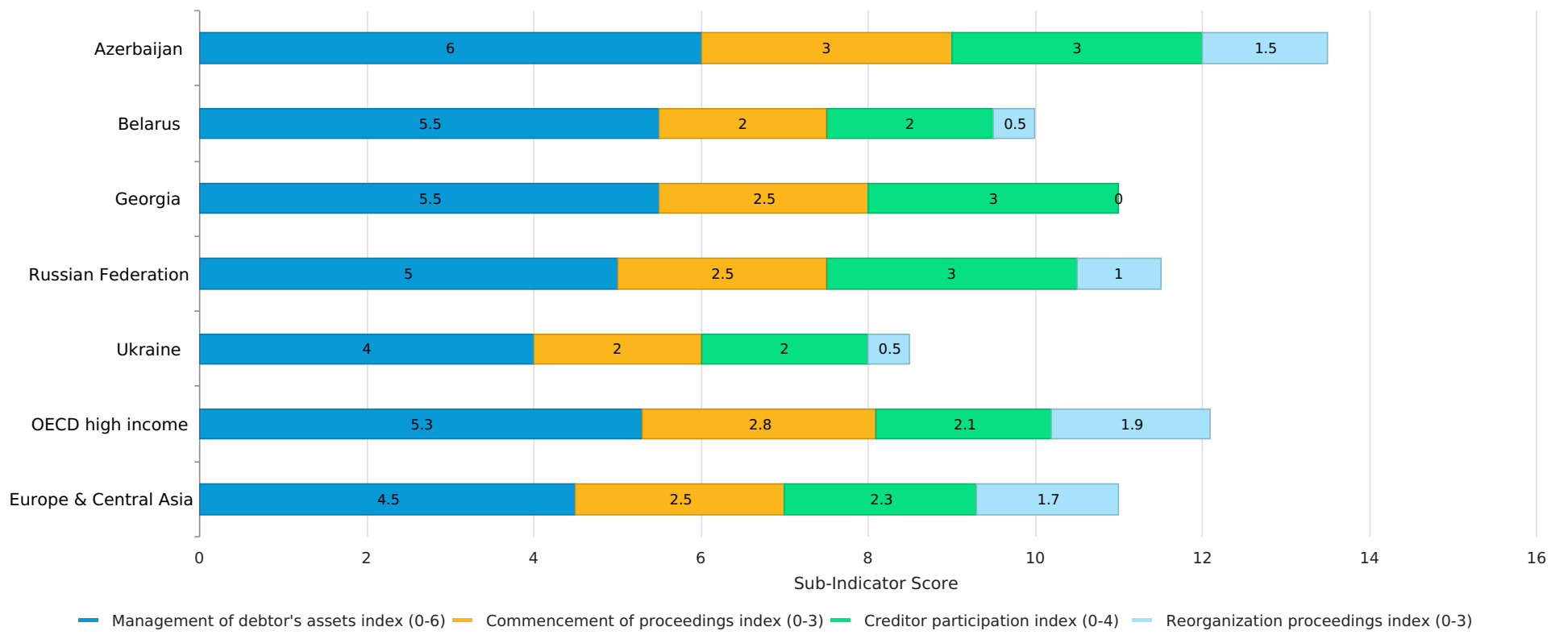
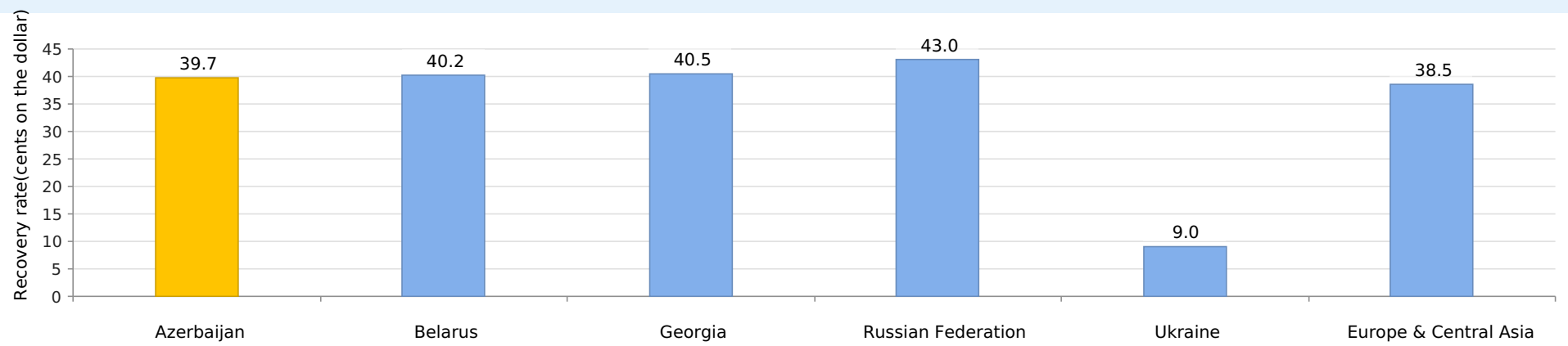


Figure - Resolving Insolvency in Azerbaijan and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Azerbaijan and comparator economies - Recovery Rate



Details - Resolving Insolvency in Azerbaijan

Indicator	Answer	Score
Proceeding	foreclosure	BizBank will initiate foreclosure proceeding because it is cheaper and faster than insolvency proceeding. Additionally, secured creditors have the right to enforce their security interest even if other parties (debtor, unsecured creditors) start insolvency proceedings. Furthermore, insolvency legislation is still very new and there has been no enough cases of applying it in practice.
Outcome	piecemeal sale	In case of foreclosure, the hotel will stop operating as it will be difficult to find a buyer willing to purchase the hotel as a going concern.
Time (in years)	1.5	After the hotel fails to pay the bank for 90 days, the latter will file a warning expressing its intent to initiate foreclosure. The hotel will have 21 days to challenge this warning with the court. The court of first instance will deliver its judgment in 5-6 months, the appellate court in 2-3 months and the cassation - in 3-4 months. The entire adjudication process will thus take around 1 year. Then the bank will have to seize the court of first instance again to start execution. This will take 2-3 months. Lastly, it is likely that two auctions will be required to execute the judgment as it will not be easy to find a buyer. To conduct two auctions and transfer the money back to the bank it will take 3 more months.
Cost (% of estate)	12.0	The total cost of the proceedings would amount to approximately 12% of the value of the estate. Main expenses would include the execution fee - 7%, attorneys' fees - up to 3%; fees of the auctioneer - up to 2%; and fees of accountants and other professionals involved in the case - around 1%.
Recovery rate (cents on the dollar)		39.7

Details - Resolving Insolvency in Azerbaijan - Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		13.5
Commencement of proceedings index (0-3)		3.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		6.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(b) Yes over ordinary unsecured creditors but not over secured creditors	1.0
Reorganization proceedings index (0-3)		1.5
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		3.0
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Employing Workers

Doing Business presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Employing Workers - Azerbaijan

Details - Employing Workers in Azerbaijan

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	60.0
Maximum length of fixed-term contracts, including renewals (months)	60.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	95.8
Ratio of minimum wage to value added per worker	0.2
Maximum length of probationary period (months)	3.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	40.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	100.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	15.0
Paid annual leave for a worker with 5 years of tenure (working days)	17.0
Paid annual leave for a worker with 10 years of tenure (working days)	19.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	17.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.0
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	6.0
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	9.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	6.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	6.1
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	7.4

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	8.7
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	7.4
Unemployment protection after one year of employment?	No

Business Reforms in Azerbaijan

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2020

- ✓ **Registering Property:** Azerbaijan made registering property easier and more transparent by increasing the coverage of its cadaster and digitizing cadastral plans. Azerbaijan also made property transfer more difficult by making it mandatory to deposit funds into the notary deposit account.
- ✓ **Getting Credit:** Azerbaijan strengthened access to credit by allowing non-possessory security interests in one category of movable assets without any restrictions on the use of inventory, including future assets extending automatically to products, proceeds and replacements of the original collateral. Azerbaijan also allowed general description of the debts and obligations as well as out-of-court enforcement of security interests.
- ✓ **Protecting Minority Investors:** Azerbaijan strengthened minority investor protections by imposing liability on directors for unfair related-party transactions.
- ✗ **Paying Taxes:** Azerbaijan made paying taxes more difficult by adding a new labor contribution.
- ✓ **Enforcing Contracts:** Azerbaijan made enforcing contracts easier by introducing an e-system that allows plaintiffs to file the initial complaint electronically and by adopting a consolidated law on voluntary mediation.

DB2019

- ✓ **Dealing with Construction Permits:** Azerbaijan streamlined its construction permitting process as construction permits are now solely obtained through the single-window of the Baku City Executive Office.
 - ✓ **Getting Electricity:** Azerbaijan improved reliability of power supply by investing in grid infrastructure and establishing a national regulator monitoring power outages. Azerbaijan also made getting electricity easier by establishing a single window.
 - ✓ **Registering Property:** Azerbaijan made registering property easier by increasing the transparency of the land administration system.
 - ✓ **Getting Credit:** Azerbaijan strengthened access to credit by introducing a new secured transactions law and insolvency law, which implemented a functional secured transactions system, broadened the scope of assets that can be used as collateral and provided secured creditors with grounds for relief and time limits during an automatic stay. Azerbaijan also set up a unified, modern and notice-based collateral registry, and improved access to credit information by establishing a new credit bureau.
 - ✓ **Protecting Minority Investors:** Azerbaijan strengthened minority investor protections by increasing shareholders' rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency.
 - ✓ **Paying Taxes:** Azerbaijan made paying taxes easier by introducing electronic invoicing (e-invoicing) and a unified tax return for social security contributions and enhancing the online platform for filing corporate income tax.
 - ✓ **Trading across Borders:** Azerbaijan made trading across borders faster by streamlining electronic customs procedures and fully implementing the "green corridor" gating system.
 - ✓ **Resolving Insolvency:** Azerbaijan made resolving insolvency easier by providing for the avoidance of preferential transactions.
- Employing Workers:** Azerbaijan changed regulations pertaining to the notice period for redundancy dismissals and severance payments.

DB2018

- ✓ **Getting Electricity:** Azerbaijan made getting electricity faster by allowing customers to choose private contractors to carry out the external connection works.
- ✓ **Getting Credit:** Azerbaijan improved access to credit information by adopting a law allowing the establishment of credit bureaus.
- ✓ **Protecting Minority Investors:** Azerbaijan strengthened minority investor protections by increasing shareholder rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency.
- ✓ **Enforcing Contracts:** Azerbaijan made enforcing contracts easier by introducing a system that allows users to pay court fees electronically.
- ✓ **Resolving Insolvency:** Azerbaijan made resolving insolvency easier by making insolvency proceedings more accessible for creditors and granting them greater participation in the proceedings, improving provisions on the treatment of contracts during insolvency and introducing the possibility to obtain post-commencement financing.

DB2017

- ✓ **Getting Electricity:** Azerbaijan streamlined the process of obtaining a new electricity connection by introducing an electronic capacity/availability of connection map, which reduced the time needed to determine new customer connection points.
- ✗ **Registering Property:** Azerbaijan made registering property more expensive by implementing a tax on land transactions.
- ✓ **Paying Taxes:** Azerbaijan made paying taxes easier by abolishing vehicle tax for residents.

DB2016

- ✓ **Starting a Business:** Azerbaijan made starting a business easier by abolishing the requirement to use a corporate seal.
- ✓ **Dealing with Construction Permits:** Azerbaijan made dealing with construction permits easier by establishing a one-stop shop for issuing preapprovals for project documentation.
- ✓ **Protecting Minority Investors:** Azerbaijan strengthened minority investor protections by introducing requirements that related-party transactions undergo external review and be voted on by disinterested shareholders.

DB2015

- ✓ **Starting a Business:** Azerbaijan made starting a business easier by reducing the time to obtain an electronic signature for online tax registration.
- ✓ **Registering Property:** Azerbaijan made transferring property easier by introducing an online procedure for obtaining the nonencumbrance certificate.
- ✓ **Paying Taxes:** Azerbaijan made paying taxes easier for companies by introducing an electronic system for filing and paying social insurance contributions.

DB2014

- ✓ **Starting a Business:** Azerbaijan made starting a business easier by introducing free online registration services and eliminating preregistration formalities.
- ✓ **Dealing with Construction Permits:** Azerbaijan adopted a new construction code that streamlined procedures relating to the issuance of building permits and established official time limits for some procedures.
- ✓ **Trading across Borders:** Azerbaijan made trading across borders easier by streamlining internal customs procedures.

DB2011

- ✓ **Getting Credit:** Azerbaijan improved access to credit by establishing an online platform allowing financial institutions to provide information to, and retrieve it from, the public credit registry.
- ✓ **Paying Taxes:** A revision of Azerbaijan's tax code lowered several tax rates, including the profit tax rate, and simplified the process of paying corporate income tax and value added tax.

DB2010

- ✓ **Getting Credit:** Azerbaijan's public credit registry improved the credit information system by providing banks with online access to its database, increasing the data available on borrowers and introducing penalties for banks that send information that is late or incorrect.
- ✓ **Trading across Borders:** Azerbaijan reduced the clearance and border crossing time for goods by streamlining and regrouping agencies behind a single customs service window.

DB2009

- ✓ **Starting a Business:** Azerbaijan reduced the time, cost and number of procedures to start a business by establishing a one-stop shop for completing registration requirements.
- ✓ **Registering Property:** Azerbaijan made registering property easier and less time consuming by introducing a unified property registry.
- ✓ **Getting Credit:** Azerbaijan improved access to credit information by eliminating the minimum threshold for loans reported to the public credit registry.
- ✓ **Protecting Minority Investors:** Azerbaijan strengthened investor protections by introducing requirements on the approval of related-party transactions and expanding remedies available against liable directors.
- ✓ **Paying Taxes:** Azerbaijan made paying taxes easier for companies by introducing an online filing and payment system with advanced accounting software and providing computer stations for users without computer facilities.
- ✓ **Enforcing Contracts:** Azerbaijan speeded up contract enforcement by creating a second commercial court in Baku, thereby increasing the number of specialized judges from 5 to 9.

Employing Workers: Azerbaijan allowed fixed-term contracts to be concluded for permanent tasks, eliminated the requirements to notify third parties in cases of redundancy dismissals, and repealed a retraining or reassignment obligation before an employer can make a worker redundant.

DB2008

- ✓ **Starting a Business:** Azerbaijan made starting a business easier by abolishing the requirement to obtain approval from the Ministry of Justice for the company seal design.
- ✓ **Paying Taxes:** Azerbaijan made paying taxes easier and less costly for companies by introducing electronic filing and payment and by reducing the corporate income tax rate.

Doing Business 2020 is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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