

**Law of the Azerbaijan Republic**  
**on state support for small business**

**Article 1. Purpose of the Law**

The purpose of this Law is to ensure that everyone can exercise their right to carry on business in a free manner, as specified by the Constitution of the Azerbaijan Republic, as well as other types of business activities not prohibited by this Law, and describes the economic, legal and organizational basis, forms and means of the state support for small business in the Azerbaijan Republic.

**Article 2. Laws and regulations on the state support for small business**

1. Laws and regulations on the state support for small business consist of the Constitution of the Azerbaijan Republic, the Law of the Azerbaijan Republic "On Entrepreneurship", this Law and other applicable regulatory documents.
2. In case provisions of international agreements to which the Azerbaijan Republic is a party contradict the provisions of this Law, the provisions of such international agreements shall take priority.

**Article 3. Small business entities**

1. Categorization of small business entities shall depend on their staff on the payroll (excluding seasonal workers) and the volume of their annual sales.
2. The limits of these criteria with consideration for types of business activities shall be set by the appropriate executive body.

**Article 4. Registration of small business entities**

1. The registration of individuals running a small business without establishing a legal entity in tax agencies as a taxpayer shall be regulated by the tax laws of the Azerbaijan Republic.
2. The official registration of persons running a small business with the establishment of a legal entity shall be carried out by the appropriate executive body in the manner prescribed by law.

### **Article 5. Small business entity reporting**

Small business entities shall draw up statistical and accounting reports in the manner and forms specified by the appropriate executive body and reflecting information required to handle taxation issues.

### **Article 6. Areas of state support for small business**

State support for small business is provided in the following areas:

- the development of infrastructure to ensure support for and development of small business;
- the development of support programs for small business and the coordination of the implementation of such programs;
- ensuring preferential conditions for small business entities to obtain financial, material, information, scientific and technical resources;
- supporting small business entities in the training, retraining and professional development of their employees;
- supporting the external business activities of small business entities, including the establishment of production, financial and lending, trading, scientific, technical and informational contacts with foreign partners;
- the introduction of simplified system of official registration (accounting), presentation of statistical and accounting reports, ~~licensing~~, and certification of manufactured products for small business entities;
- conducting research into the development of small business.

### **Article 7. Support programs for small business**

1. Measures to support small business shall be implemented in the framework of state, regional and local support programs.

Support programs for small business shall be developed by the appropriate executive body in the manner prescribed by the appropriate executive body.

2. Local authorities, institutions, enterprises, organizations, irrespective of their type of incorporation and ownership, and professional associations may independently develop support programs for small business and apply to the appropriate executive body for the inclusion of individual projects and actions in the support programs for small business adopted by the government and local authorities.

3. Funds required for the implementation of support programs for small business shall be allocated from the state budget, local budgets and other sources specified by this Law. Budget expenses, allocated for the funding of support programs for small business shall be listed in a separate line.

The amount of funds allocated from local budgets shall be set by the local authorities.

4. Support for small business shall include the following actions:

- improving the legal framework of entrepreneurship;
- establishing an infrastructure supporting the development of small business at the central, regional and local levels;
- encouraging relatively low-income members of society, including the unemployed, refugees and internally displaced persons, disabled people, pensioners, women and young people, to do business;
- developing a system of small business promotion and financial support;
- conducting research into the development of small business structures;
- ensuring state support for small business entities engaged in manufacturing.

## **Article 8. State financial support for small business**

1. State financial support for small business shall be provided by the appropriate executive body.

2. State financial support for small business shall be provided in the form of preferential loans, subsidies, compensations, grants, loan securities in the framework of target programs, leasing arrangement, and providing incentives to those financial and lending institutions that render services to business entities.

3. The forms and mechanisms of state support for small business shall be determined by the appropriate executive body.

4. A loan security fund shall be established in order to enhance the opportunities of small business entities to use sources of funding.

### **Article 10. Infrastructure support for small businesses**

1. Enterprises and organizations, with any type of incorporation and ownership, may be established in order to ensure the development of small businesses, to provide information, legal and economic consulting services to small business entities and to assist in the establishment of efficient relations between entrepreneurs and governmental agencies or foreign partners.

2. Structures, with any type of incorporation, may be established in order to assist newly-launched businesses in ensuring financial independence, to provide them, regardless of the type of ownership, on certain conditions and for certain periods of time, with offices and (or) working areas equipped with required equipment, and also to create conditions for small business entities to develop new technologies and other innovations to continue their activities in the future.

These structures, aside from the general purpose support for small business entities, may also provide to them financial and commercial services.

3. Structures mentioned in this Article shall be established in the manner prescribed by law, and may be supported by the appropriate executive bodies.

### **Article 11. Assisting small business entities in staff training, retraining and professional development**

1. The appropriate executive bodies shall ensure the implementation of educational measures in order to assist small business entities in staff training, retraining and professional development.

2. Structures providing financial support to business entities may reimburse small business entities, in full or in part, for the expenses on staff training, retraining and professional development.

The conditions, manner and extent of the reimbursement of such expenses shall be specified by an agreement entered into by the small business entity and the appropriate financial structure.

## **Article 12. Providing information support to small business entities**

1. The appropriate executive bodies shall, in order to ensure the provision of economic, legal, manufacturing, technological and other information to small business entities, as well as their professional cooperation, implement measures to establish an information infrastructure.

2. State structures may provide information services to small business entities on preferential terms, in the manner prescribed by law.

3. Structures providing financial support to business entities may reimburse small business entities, in full or in part, for the expenses of obtaining such information.

The conditions, manner and extent of the reimbursement of such expenses shall be specified by an agreement entered into by the small business entity and the appropriate financial structure.

## **Article 13. Participation of small business entities in the production of commodities and provision of services to meet the needs of the state**

1. The appropriate executive bodies shall take actions in order to transfer to small business entities no less and 15 percent of the contracts for the production of commodities, performance of works and provision of services to meet the needs of the state.

2. The participation of small business entities in the processing of orders for the production of commodities, performance of works and provision of services to meet the needs of the state shall be in compliance with the laws and regulations of the Azerbaijan Republic on public procurement.

#### **Article 14. Support for the external economic activities of small business entities**

1. The appropriate executive bodies shall implement measures to support the external economic activities of small business entities, and to encourage their participation in international exhibitions and fairs, as well as in the implementation of external economic programs and projects.

2 Structures providing financial support to business entities may reimburse small business entities, in full or in part, for the expenses of external economic activities, including transportation costs, information acquisition costs, and the costs of participation in international exhibitions (fairs).

The conditions, manner and extent of the reimbursement of such expenses shall be specified by an agreement entered into by the small business entity and the appropriate financial structure.

#### **Article 15. Mutual financial aid organizations of small business entities**

1. Mutual financial aid organizations of small business entities shall be founded by small business entities voluntarily, at their own expense, with the purpose of meeting financial needs, and in the manner prescribed by law.

2. Mutual financial aid organizations of small business entities shall only provide financial support to members of such organizations.

#### **Article 16. Unions of small business entities**

1. Small business entities may establish unions in the manner prescribed by law.

2. The appropriate executive bodies shall provide assistance in the establishment and operation of small business unions.

3. In order to improve the system of state support for small business and ensure coordination of the activities of small business unions, business development councils may be established under the appropriate executive bodies. The functions and powers of such councils shall be determined by the appropriate executive bodies.

### **Article 17. Liability for violation of this Law**

Officers of the appropriate executive bodies and local authorities, as well as small business entities shall be held liable for violations of this law in the manner prescribed by the applicable laws and regulations of the Azerbaijan Republic.

### **President of the Azerbaijan Republic**

**Heydar ALIYEV**

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