About the investment promotion mechanism (https://www.economy.gov.az/en/page/itm)

In order to expand investment activity, improve the business environment, and increase industrial production, the investment promotion mechanism was established and improved by Decree No. 745 of the President of the Republic of Azerbaijan dated January 18, 2016 "On Additional Measures Related to Investment Promotion", the "Rules for Issuing a Confirmation Document for the Import of Machinery, Technological Equipment and Devices to Legal Entities and Individual Entrepreneurs Who Have Received an Investment Promotion Document" approved by Decree No. 877 dated April 20, 2016, and Decree No. 1913 dated December 20, 2022 on Improving the Investment Promotion Mechanism, and favorable conditions have been created for legal entities and individual entrepreneurs engaged in entrepreneurial activity in accordance with the relevant criteria to obtain tax and customs benefits.

According to the latest changes to the investment promotion mechanism, an investment promotion document is issued for 3 years from January 1, 2023 to projects to be implemented in industrial districts, agroparks, tourism and recreation zones, relevant territories (except for the cities of Baku, Sumgayit, Ganja, Absheron region and other cities and regions, liberated from occupation), as well as strategic projects to be implemented in the directions determined by the head of state. The criteria established in the new mechanism include the field of recycling of environmentally important waste and the expansion of tourism-oriented areas of activity. The new mechanism is mainly aimed at the development of regions and increasing investment potential. An investment promotion document is a document that provides the basis for obtaining the benefits specified in the Tax Code of the Republic of Azerbaijan and the Law of the Republic of Azerbaijan "On Customs Tariff" for 7 years from the date of receipt of the document. These benefits include:

- 50% exemption from profit or income tax;
- full exemption from land and property tax;
- full exemption from customs duties and VAT on machinery, technological equipment and devices imported from abroad within the framework of the project, based on the relevant supporting document.