



The Law of Azerbaijan Republic

On grant¹

The present law shall regulate economical and legal relations related to issue, receipt and use of grants (including sub-grant, addition to grant, as well as support registered officially in the other form for the purposes enshrined in the first part of Article 1 with the exclusion donations).

Article 1. Grant

1. Grant - assistance rendered pursuant to this law in order to develop and implement humanitarian, social and eco-logical projects, works on rehabilitation of destroyed objects of industrial and social purpose, of infrastructure in the territories damaged as a result of the war and disaster, programmes in the field of education, health, culture, legal advice, information, publishing, sport, scientific research and design programmes as well as other programmes being important for the state and public. Grant shall only be provided for specific purpose (purposes).
2. A grant shall be provided in the form of financial means and/or in any other material form. The grant shall be rendered gratis and its repayment in any form may not be requested.
3. Material assistance used directly for generation of profit shall not be considered a grant. Financial and/or other material means remaining unused at the grant beneficiary's disposal should be allocated for implementation of projects and programmes that, in the beneficiary views, might be the subject of the grant unless otherwise provided for by an agreement (award) on the grant.
4. Material assistance shall not be considered grant should it is used directly for the purposes of political struggle and lobby activity on adoption of law and other legislative acts, for political promotion, for financing election campaign of any political organisation (organisations), political figure (figures).

Article 2. Donor

1. Those providing grants shall be donors in respect of a beneficiary.
2. The relevant body of the executive power may provide a grant on behalf of the Azerbaijan government to legal and physical persons, to citizens of Azerbaijan Republic and foreign countries and to foreign legal and natural entities.

¹ This text includes changes adopted on 17 December 2013 and which came into effect in February 2014.

3. A grant on behalf of Azerbaijan Republic shall be provided at the expense of the state budget of Azerbaijan Republic. Special means may be allocated as a separate item in revenue of the state budget for provision of such grants. Any additional taxes may not be introduced or rates of taxes in force may not increase in order to form such funds.

4. Any natural entity and legal entity of Azerbaijan Republic, could provide the grant to legal and natural entities of Azerbaijan Republic and foreign countries.

5. International organisations and their representations, foreign governments and their representations, international organisations of charitable, humanitarian and other social directions, financial - credit institutions, foreign public organisations including funds, associations, federations and committees carrying out activities in the field of development of education, science, health, culture and sport, and branches and representations of foreign legal persons, registered in Azerbaijan and not being aimed at profit (branches and representations of foreign NGOs registered in the Republic of Azerbaijan on the basis of the agreement which is envisaged in the Article 12.3 of the Law of Non-Governmental organizations (Public Associations and Foundations) of the Republic of Azerbaijan) of foreign legal entities may act as a donor after obtaining the right to give a grant in the Republic of Azerbaijan. It is required an opinion on financial-economic reasonability of the grant by the relevant executive authority body for obtaining the right to give a grant.

5-1. Procedure on obtaining the right to give a grant by the donors envisaged in paragraph 5 of this Article shall be defined by the relevant executive authority body.

6. Donor shall be fully independent in provision of a grant, selection of a grant beneficiary, projects and programmes for whose implementation the grant is provided. On behalf of the Azerbaijan government the grant shall be provided to legal and natural entities of Azerbaijan Republic based on a tender.

Article 3. Recipient

1. A Grant beneficiary is a recipient in respect of a donor.

2. The following may be a recipient:

- the Azerbaijan government in the person of the relevant body of the executive power;
- municipal bodies;
- legal entities being residents and non-residents, their branch offices, representations and departments carrying out activity in Azerbaijan Republic, whose basic objective is charity or implementation of projects and programmes that may be a subject of a grant, and which are not aimed at direct generation of profit resulting from grant (those recipients can receive grant only from donors envisaged in paragraphs 2 and 4 of Article 2 of this Law as well as branches and representations of foreign legal persons not being aimed at profit registered in the Republic of Azerbaijan (branches and representations of foreign NGOs registered in the Republic of Azerbaijan on the basis of the agreement which is envisaged in the in the Law of Non-Governmental organizations (Public Associations and Foundations) of the Republic of Azerbaijan);
- natural entities of Azerbaijan Republic.

3. Recipients of Azerbaijan Republic are independent in receipt of a grant, selection of a donor, projects and programmes for which they receive the grant.
4. At provision of a grant by donors from Azerbaijan Republic to legal or natural entities of foreign countries the range of recipients shall be identified by legislation of the relevant country.
5. Recipients shall carry out their activities pursuant to provisions of agreements (awards) on grant.

Article 4. Grounds for Award of Grant

1. A written agreement between a donor and a recipient or written award of the donor on provision of a grant shall be grounds for the grant issue, receipt and use. The objective, amount, subject of the grant and specific conditions, should those be laid down by the donor before the recipient, shall be specified in the agreement (award).
2. Grant may only be used for implementation of objectives specified in an agreement or award. The use of a grant for other purposes, if it is not stipulated by the agreement (award) on the grant, shall only be possible with the written permit of a donor.
3. Over the period of implementation of a project being the subject of a grant, the sale or change into money of values provided as a grant or bought at the expense of the grant, shall only be admissible in cases if these operations were provided for by an agreement on grant or with the written permit of a donor. In these cases financial means transferred to a recipient's disposal should be aimed at implementation of projects and programmes that might be the subject of the grant.
4. Agreements (decisions) on giving grants to foreign recipients by donors, being legal or natural entity of the Republic of Azerbaijan, as well as branch office or representation of legal entity of the Republic of Azerbaijan shall be submitted for registration by donors. Agreements (decisions) on receiving grants of recipients of the Republic of Azerbaijan shall be submitted to registration by the same recipients. Relevant information on the grant given on the base of state budget shall be submitted to the body, registering grant agreement (decision) by the donor.
5. Non-registered agreements (decisions) on giving and receiving of grants cannot be subject to bank or any other operations.
6. Published, audio, audio-visual, cinema and other materials, conferences and other events at the expense of grant should be provided with information on sources of their financing.

Article 4-1.

- 4-1. Requirements on grant agreement (decisions) in this article apply to annexes agreements on grant agreement (decision), as well as the term of agreements (decisions), changes of aims, amounts.
- 4-2. Rules of registration of the grant agreements (decisions) shall be defined by the relevant executive authority body.

Article 5. Grant taxation

1. Money and (or) other pecuniary aid received as a grant based on an agreement or an award on the grant, shall be exempted from all taxes, duties and compulsory payments into the state budget.
2. Legal entities shall pay tax for implementation of grant projects and programmes pursuant to legislation in force.
3. Income tax shall be collected pursuant to legislation in force for payments received from a recipient by natural entities participating in implementation of projects and programmes during the utilization of a grant. The recipient shall be exempted from compulsory payments from the amount paid to natural entities.
4. Financial means retaining at a recipient's disposal after the completion of a project being the subject of a grant, as well as financial means provided as a grant or transferred to the recipient's disposal from the sale and change into money of values purchased at the expense of the grant, and allocated for implementation of projects or programmes that may be the subject of the grant, shall not be the objects of taxation.

Article 6. Responsibility

1. For infringement of the present Law a donor and a recipient shall be liable in accordance with the procedure established by legislation.

In the event if one of donors and recipients is an organisation or a citizen of foreign country, disputes between them shall be settled pursuant to laws of a country selected previously and identified in an agreement (award) on a grant. Otherwise the disputes shall be settled pursuant to legislation of Azerbaijan Republic.

President of Azerbaijan Republic

Heydar ALIEV

Baku, April 17, 1998

N 483-IG

Published in the Law Collection of the Azerbaijan Republic (June 30, 1998, No .6, Article 366) (VneshExpertService).

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Non-official translation

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