

Company (LLC) registration in Azerbaijan (Innovation in registration of an LLC)



Sevil Yahyayeva – Legal Manager of EKVITA and Specialist in Corporate Law. Sevil is a graduate of the Law Faculty at Baku State University. Her work experience in the legal sector is over 10 years. Her experience includes: providing advice on corporate issues (establishment, liquidation, reorganization, change, etc.) to the companies operating in various industries (oil and gas, construction, pharmaceuticals, tourism, agriculture, etc.); legal assistance in establishment of subsidiaries, branches, representative offices of large global companies in Azerbaijan, drafting the shareholders' agreements, share purchase agreements, opening bank accounts and other relevant measures; establishment of Public Unions engaged in various fields of activity in connection with the development of the non-oil sector and, in general, providing legal support of the establishment of more than 600 commercial and non-commercial organizations (LLC, Joint Stock Company, Branch/Representative office, NGO, etc.).



Greetings, dear readers!

As EKVITA, we provide services in multiple areas of law (corporate, labor, migration, tax, litigation, etc.), as well as accounting, audit, business development and accompany our clients starting from early stages of their businesses.

In this regard, putting it simply, I would like to speak about “opening the company”. That is, what is the most appropriate organizational form for starting a business in Azerbaijan, its advantages, necessary procedures in the registration process and etc.

As you know, there are several organizational forms for the establishment of a company in the legislation. However, today I would like to tell you about the Limited Liability Company (LLC), which is the most acceptable and simple one among the rest in terms of procedural and legal requirements.

If we refer to the definition of LLC – a limited liability company means company established by one or more persons (*natural persons and (or) legal entity*), the charter capital of which is divided into shares, the sizes of which are specified by the charter. As can be seen from mentioned definition, the legislation does not set limits regarding the number of founders of the LLC. In other words, the founder can be one or more persons, including a foreign citizen. It should be noted that in the case of foreign citizens, the legislative or documentation requirements are the same as for Azerbaijani citizens, i.e. there are no additional or special requirements.

Another benefit of the LLC is the absence of any restrictions regarding its charter capital in the legislation. In other words, there is no minimum or maximum limit, the charter capital may be settled in any amount. Therefore, in many cases, when establishing the LLC, the charter capital is formed in the amount of 10-100 manats. It also should be noted that the registration process of the LLC is notable for its simplicity, and it would be appropriate to emphasize the innovative policy pursued by the Ministry of Taxes in this sphere. Thanks to it, Azerbaijan has established itself in 9th place in terms of the “Starting a Business” indicator among 190 countries this year, according to the annual Doing Business Report of the World Bank.

Considering the abovementioned, I would like to tell you about the innovative electronic procedure for registering an LLC without the need to visit any authority for its implementation. The procedure is very simple and by spending only 15-20 minutes you can register an LLC by yourself. It should be noted that this procedure is applicable only when creating a local LLC, i.e.

you can use it if the founders are the citizens of Azerbaijan. Otherwise, you can apply to the relevant tax authority with the necessary documents.

So, for electronic, i.e. for online registration, you just need to visit Internet Tax Office page (<https://login.e-taxes.gov.az/login/>) and after selection the "Identity Card" section to enter the PIN (Personal Identification Number), which is indicated on your ID card, and then enter your mobile phone number. The number can belong to any mobile operator; the only requirement is that the number must be registered in your name. As a result, you will receive a confirmation SMS to access your electronic cabinet. Having selected the section "Electronic registration of L/E (legal entities)" on the page that opens, you should fill out the application form with the requested information. It is important to note that during the registration of a legal entity, you may simultaneously order a bank account, electronic signature "ASAN imza" and conclude an employment contract with the employee(s).

Another advantage of electronic registration is the absence of a state fee (when registering in the usual manner, the amount of the fee is AZN 11) and the provision of a 3-month period for payment of the charter capital.

Thus, after completion of filling the application for online registration, foundation documents of the LLC (Charter, extract from the registry, TIN certificate) will be sent by the Ministry of Taxes to your electronic cabinet. It should be noted that electronic registration documents are adopted by state bodies, banks and other institutions of the Republic of Azerbaijan without their prior notarization.

Of course, in the aforementioned way, you can create a simplified LLC, the participants of which will be the citizens of Azerbaijan. However, in the case of an LLC with a foreigner or legal entity founder, in order to successfully establish relations between the founders, choose the right business model and, if necessary, conclude a shareholders' agreement, I recommend consulting with a lawyer.

It should be noted that in order to avoid problems that may arise subsequently, when establishing an LLC with the participation of large companies or with large investments, it is necessary to form relationships correctly in advance, i.e. at the stage of institution. It is preferable to reflect the obligations and rights of each founder or the establishment of the appropriate corporate structure to regulate relations between the shareholders, as well as the procedure for the settlement of disputes that may arise during the activities of the LLC in the shareholders' agreement and / or the charter of the LLC. Although during the registration, which I mentioned above, the charter of the LLC has the simplest form and is generated by the electronic portal.

In connection with mentioned above, EKVITA is ready to provide any legal support necessary for an entrepreneur to overcome existing difficulties or avoid them in the future.

EKVITA is a company providing consulting services for about 20 years, with its professional team of 40 people. Our clients are a number of large global Fortune 500 companies. We also participate in many important government projects and work with international donor organizations like the World Bank. We are distinguished by the fact that we provide a range of professional services that combine the rich experience of doing business with general business consulting in the legal, financial and tax spheres. Thanks to this, we understand the basic needs of our customers and provide them with business-oriented, tailored and practical solutions. Our leading position in the market has been recognized by international ranking institutions and other relevant international standards.

In conclusion, please feel free to contact us should you have any questions regarding the article. We will be happy to assist you in any legal matters. Keep following us!