



COUNTRY GUIDE AZERBAIJAN

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Flexibility
- Time and cost savings
- Reduced liability
- Access to global talent
- Expertise

**DEPLOY
WITH ZAPEO
IN
3 EASY STEPS**

ENGAGE

You and your employee reach an agreement to work in a country.

EMPLOY

Your employee signs a co-employment agreement with ZAPEO.

ENROLL

Your employee is enrolled on the payroll with a country specific legal entity.



WORK PERMITS AND VISAS

Business Visa

In order to obtain a business visa, applicants must provide a letter of invitation from a legal entity registered in Azerbaijan that has been accepted and verified by the Consular Department of the Ministry of Foreign Affairs. The business visa is valid for one month or multiple entries totaling 180 days.

Work Permit

To work in Azerbaijan, expatriates need a work permit. The required documentation includes a copy of the employee's passport valid for at least six months after arrival, a document certifying the employee's right to stay in Azerbaijan, and a reference confirming the necessity for a specialized worker. The work permit is valid for 1 year.



EMPLOYMENT CONTRACTS

Probation Period

The standard probation period is up to three months.

Notice period

The standard notice period is determined by the employee's length of service:

- 2 years of service or fewer - 6 weeks' notice
- Between 2 and 5 years of service - two months' notice.
- Between 4 and 15 years of service - three months' notice.
- Between 15 and 25 years of service - four months' notice
- More than 25 years of service - five months' notice.

Minimum wage

The current minimum wage in Azerbaijan is set at 345 Azerbaijani Manat (AZN) per month.

Working hours and overtime

No more than 8 hours a day and 40 hours per week. Overtime is often determined using the criteria outlined below:

- If the salary is dependent on time worked, the amount paid each hour is 200% of the regular salary.
- If the payment is based on the production of piecework, extra hours must be compensated at no less than the usual hourly wage of employees on the same pay grade.

Termination

Termination of an employment contract in Azerbaijan is strictly enforced and must be handled in accordance with the Employees Act.

Severance

In general, severance pay depends on the length of service :

- One month's compensation for one year of service or less.
- Between 1 and 5 years of service: 1.4 times the monthly income.
- Between 5 and 10 years of service: 1.7 times the monthly income.
- More than 10 years of service: 2 times the monthly income.

PAID TIME OFF



Annual Vacation

Employees aged 18 and above are guaranteed a minimum annual leave of 21 days, with additional days granted based on years of service: 2 extra days for 5-10 years, 4 extra days for 10-15 years, and 6 extra days for 15 or more years.

Sick

Employees experiencing illness can take up to 365 days of sick leave, with full compensation from their employer for the initial 14 days and thereafter compensated by the State Social Protection Fund, contingent upon submitting a medical certificate.

Maternity

Women are entitled to a total of 126 days of maternity leave, 70 days prior to the child's due date and 56 days after birth. If the birth is difficult or if two or more children are born, the maternity leave is extended for 70 calendar days.

Paternity

Many employers choose to pay employees on paternity leave; however, fathers are entitled to 14 days of unpaid paternity leave following the birth of their child.

Family

- Women with two children under 16 get two extra paid leave days; those with three or more children get five extra days.
- Women or single fathers with children under 16 are allowed 14 days of unpaid leave per year.
- Women who adopt a child under two months old receive 56 calendar days of social leave.

National Holidays

Azerbaijan has a total of 24 public holidays which are paid.

Other Paid Time Off

Employees who donate blood are also granted an additional day's leave at an average wage; this day is typically added to the annual leave entitlement.



EMPLOYEE BENEFITS

Statutory

	Employee	Employer	Notes
Unemployment	0.5%	0.5%	Based on the gross monthly salary.
Workers Compensation	-	-	The employer bears the total cost. The rate depends on the sector of economic activity.
Social Security	3% for income up to AZN 200 per month.	2% for income up to AZN 200 per month.	Income above AZN 200 per month - Employee : AZN 6 + 10% Employer :AZN 44 + 15% Rates for the non-oil, gas and government sectors
Retirement/Pension	-	-	Covered by Social Security.
Health	2% for income up to AZN 8000 per month.	2% for income up to AZN 8000 per month.	Income above AZN 8000 per month - AZN 160 + 0.5% of the amount over AZN 8000.

Private

	Notes
Workers compensation	Available.
Retirement/Pension	Available.
Health	Available.
Life	Available.



TAX

Personal Income Tax (PIT)

- **Tax year** : Correlates to the calendar year.
- **Tax rate** : 0-25%. Depends on sector.
- **Tax method** : Combination of flat and progressive rates.
- **Tax residency requirements** : Persons who reside in Azerbaijan for more than 182 days in a calendar year are considered residents. A physical person who stays in Azerbaijan or in a foreign country for less than 182 days is deemed an Azerbaijani resident based on the following requirements: Place of permanent residence, Center of key interests, Regular location of residence, Citizenship in Azerbaijan.
- **Double taxation agreements (DTA's)** : Azerbaijan has multiple double taxation agreements.

Investment Income Tax

- Capital gains - No separate taxation. Forms part of ordinary taxable income.
- Dividends - 5%
- Interest Income - 10%
- Royalty income - 14%

Taxable Income

Local employees are taxed in accordance with the Tax Code.

Foreigners are taxed only on the earnings received directly from their employment within Azerbaijan.

Forms of income : Income derived from employment, business, investment, or other activities performed in Azerbaijan is generally considered taxable unless specifically exempted.



PAYROLL

Payroll Elements

- **Income:** Compensation received from employment, business, investment, or other activities performed in Azerbaijan.
- **Deductions:** Various deductions and exemptions are available, including but not limited to: Social Security contributions and certain medical and educational expenses.
- **Benefits in Kind:** N/A
- **Employer contributions:** Workmen's Compensation, Social Security, Unemployment, and Statutory Medical Insurance.

Payroll Taxes

Employers are responsible for accurately calculating, withholding, paying, and reporting personal income tax, social security, unemployment, and statutory medical insurance on a monthly basis.

Payroll Calendar

Bi-monthly or monthly.



LEGISLATION AND STATUTORY BODIES

LEGISLATION

Labor Code (as amended on 05-03-2024)

Tax Code (as amended on 05-03-2024)

STATUTORY BODIES

Ministry of Labor and Social Protection of the Population

Ministry of Health

Ministry of Finance

Contact ZAPEO today for
further information or a
FREE simulation.



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Simulation request



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