

## About Royalty

Royalty is paid with the objective of efficient use of subterranean resources at the territory of the Azerbaijan Republic and on the shelf of the Caspian Sea and control over competitive relations between various spheres of production in connection with profitability in the process of their recovery.

### Article 1. Taxpayers

Taxpayers are legal entities and physical persons involved in recovery of minerals from the entrails, independent on form of property.

### Article 2. Object of taxation

Minerals recovered from the entrails at the territory of the Republic (including shelf of the Caspian Sea) according to the list prepared by the Cabinet of Ministers of the Azerbaijan Republic and agreed with the Supreme Council of the Azerbaijan Republic constitute the object of taxation.

### Article 3. Tax rates

Tax rates are established by the Cabinet of Ministers of the Azerbaijan Republic depending on cost of each unit of minerals recovered from the entrails, their appearance and quality, rock conditions, profitability of production.

### Article 4. Procedure of estimation of tax and term of payment

Royalty shall be paid to the Republican budget after the sale of taxable product and will be taken from the product cost. Procedure of estimation and term of payment are determined by the Main State Tax inspection of the Azerbaijan Republic on agreement with the Ministry of Finances of the Azerbaijan Republic.

### Article 5. Procedure of reports presentation

Reports about estimated sums of tax are prepared in an order specified in the instruction on use of the Present Law.

### Article 6. Procedure of presentation of reports about mineral reserves

Once in a report year taxpayers present balance report about mineral reserves in an established order to the State Committee of Geology and Mineral Resources.

### Article 7. Responsibility of taxpayers

Taxpayers and their officials are responsible within the limits of legislation for accuracy of tax estimation and its timely transfer to the budget.

### Article 8. Instruction on use of the present Law

Instruction on use of the present Law is being developed by the Main State Tax inspection of the Azerbaijan Republic on agreement with the Ministry of Finances of the Azerbaijan Republic and State Committee of Geology and Mineral Resources of the Azerbaijan Republic.

President of the Azerbaijan Republic

Heydar ALIYEV

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