



STATE TAX SERVICE
UNDER THE MINISTRY OF ECONOMY
OF THE REPUBLIC OF AZERBAIJAN

STRATEGY

of the State Tax Service under the Ministry of Economy of
the Republic of Azerbaijan for the years 2025-2028



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STATE TAX SERVICE

GENERAL INFORMATION

The State Tax Service is a body within the structure of the Ministry of Economy of the Republic of Azerbaijan that ensures the implementation of state control over the timely and full collection of taxes, mandatory state social insurance contributions, unemployment insurance contributions, mandatory medical insurance payments, as well as other compulsory payments assigned to the Service's authority by law and by relevant act of the President of the Republic of Azerbaijan, within the framework of the unified financial and budgetary policy carried out in the Republic of Azerbaijan.

State Tax authorities first carried out their activities within the structure of the Ministry of Finance. In October 1991, for the purpose of improving the supervision system and ensuring the independent functioning of the State Tax Service in this field, the Service was removed from the structure of the Ministry of Finance and began operating as an independent body — the Main State Tax Inspectorate of the Republic of Azerbaijan. On 11 February 2000, by the relevant Decree of the President of the Republic of Azerbaijan, the Main State Tax Inspectorate was abolished, and on its basis, the Ministry of Taxes was established.

On 23 October 2019, by Decree No. 845 of the President of the Republic of Azerbaijan "On expanding the functions and structure of the Ministry of Economy of the Republic of Azerbaijan," the Ministry of Taxes of the Republic of Azerbaijan was included in the structure of the Ministry of Economy of the Republic of Azerbaijan with the status of a state service.

OUR VALUES



INTEGRITY

Integrity forming the basis of trust and confidence, ensures fairness, transparency, and accountability at every step. Upholding integrity strengthens public trust, improves tax discipline, and reinforces the organization's commitment to serving society.



PROFESSIONALISM AND MUTUAL RESPECT

Protecting the lawful interests of taxpayers and acting responsibly, professionally, and fairly by implementing a personnel policy aimed at gender balance, professionalism, and the creation of a decent working environment are among our core values.



INNOVATION AND INITIATIVE

We rapidly adopt innovations, foster continuous development of knowledge and skills, and apply innovative approaches in our operations by proactively seeking successful outcomes.



COOPERATION AND TEAMWORK

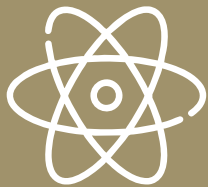
To achieve the set goals, we ensure coordinated work both within our organization and with other state bodies. We value the opinions and feedback of taxpayers and consider it a priority to ensure their inclusive and fair participation in tax administration.

OUR MISSION

FULL AND TIMELY COLLECTION OF TAXES IN AN EFFECTIVE AND HONEST MANNER, AND ENSURING FAIR COMPETITION BY COMBATING THE SHADOW ECONOMY.

OUR VISION

TO BE A RELIABLE PARTNER THAT MAKES VOLUNTARY COMPLIANCE SIMPLE AND ACCESSIBLE THROUGH HUMAN-CENTERED AND INNOVATIVE SERVICES.



Human-centered innovative organization

In line with modern challenges, we make efforts to implement the most advanced technological solutions and working practices. This approach will lead to the creation of a professional, dynamic, and decent working environment for our employees, as well as an organizational structure and organizational culture aimed at serving the interests of the state and society.



A tax system based on high tax culture and voluntary compliance

We strive to establish an ecosystem in which voluntary tax compliance is easy and accessible, tax evasion is strictly prevented, and a high level of tax culture becomes a social norm. Applying a risk-based approach to taxpayers will ensure the efficient use of state resources, the delivery of necessary services to the recipients, and preventive fight measures against tax evasion.



A reliable and service-oriented partner

Our goal is to become an exemplary partner for taxpayers, state bodies, and society as a whole by applying transparency, accountability, our core values, as well as the best international practices and standards. We aim to provide our main partners — the taxpayers — with higher-quality, accessible, and innovative services.

STRATEGIC ACTIVITY DIRECTIONS

1

Strong human capital

Human capital is the cornerstone of every organization's success. We aim to invest in the development and well-being of our employees and to form a motivated gender-equal team, capable of adapting to challenges and achieving strategic goals.

2

Promotion of voluntary compliance

Ensuring voluntary compliance through transparency, awareness-raising, and incentives plays an important role in maintaining the sustainability of tax revenues and creating an environment of trust between the tax authority and taxpayers.

3

Confident fight against tax evasion

Effective fight against tax evasion is a guarantee of justice and fair competition within the tax system. These measures strengthen tax discipline, prevent illegal activities, and thereby contribute to the country's economic stability and development.

4

Sustainable and resilient development

The sustainable and resilient development of tax authorities is crucial for adapting to the changing realities of a dynamic economic environment, meeting taxpayers' needs, and ensuring fair and efficient tax collection. By increasing efficiency through the application of innovations, protecting data, and strengthening cooperation with domestic and international partners, we can support the country's development and maintain public trust.

1 STRONG HUMAN CAPITAL



Effective management of the tax ecosystem in our country and the formation of state budget revenues depend not only on strong institutional frameworks and technological solutions, but also on the strength and capabilities of human capital. As the economic landscape becomes increasingly complex and globalized, the need for an experienced, dynamic workforce capable of adapting to modern challenges within tax administration becomes even more of a priority.

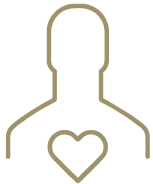
The human capital strengthening strategy is designed to prepare a workforce that is not only skilled and knowledgeable, but also motivated and aligned with the organization's goals.

The State Tax Service focuses on continuous learning and development, clear career paths, and the creation of a positive working environment that encourages innovation and cooperation. We believe that promoting gender equality within such a team will serve to establish the core principles of fairness and equality in the tax authority by creating a more inclusive work environment. As a result, we will achieve the formation of an organizational culture built on integrity and committed to national and ethical values.

Through these initiatives, the Service strives to become one of the exemplary institutions in public service, contributing to the country's economic sustainability and development. Three targets are planned to be implemented within this strategic direction:

- Attracting talented personnel and ensuring their professional development, as well as creating an inclusive working environment that takes gender factors into account;
- Establishing a fair and transparent incentive system based on professionalism and result-orientation;
- Building a structure that complies with adopted standards and meets modern challenges.

2 PROMOTION OF VOLUNTARY COMPLIANCE



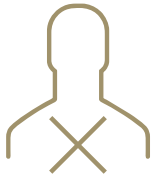
Raising voluntary compliance serves to save administrative resources for tax control, to enhance tax culture among taxpayers, and to ensure the sustainability and stability of budget revenues.

To improve the quality of services provided to taxpayers, increase transparency, accelerate and simplify the workload of taxpayers on accountability, flexibility will be ensured through the improvement of administration, including its digitalization. The State Tax Service is working on automating tax control processes, alongside electronic services, to minimize the role of human factors in interactions with taxpayers. Since technologies form the foundation of a system that raises the level of voluntary compliance with tax legislation, this helps strengthen mutual trust between society and the state, increase citizen satisfaction, and ensure transparency in the economy.

The implementation of 4 targets is envisaged in this direction:

- Ensuring fairness of the tax burden, maintaining a balanced fiscal burden within other compulsory payment systems, and optimizing tax rates;
- Educating taxpayers and increasing tax culture within society;
- Ensuring a customer-oriented tax policy and entrepreneurs' rights;
- Building a high-quality data base, extensive use of digital transformation opportunities in the implementation of effective administration.

3 CONFIDENT FIGHT AGAINST TAX EVASION



To ensure that measures to combat tax evasion are as targeted as possible, the State Tax Service aims to apply the “know your taxpayer” approach. This approach, which involves being informed about taxpayers from the moment they register and throughout their entire period of activity, as well as accurately determining the risk categories they belong to, will not only allow for the preventive avoidance of tax violations, but also make it possible to apply an approach that supports taxpayers who choose the path of voluntary compliance.

Cooperation between the tax authority and other government agencies enables comprehensive information exchange and more effective implementation of control procedures. This cooperation and information exchange is aimed at monitoring and detecting the illegal financial activities of risky taxpayers, preventing smuggling in import and export operations, monitoring reports on employment and wages, identifying tax-related crimes such as tax evasion and money laundering, and determining potential tax evasion schemes.

Implementation of 5 targets is envisaged within this strategic direction:

- Ensuring a transparent registration system;
- Preventing tax evasion through advanced risk-analysis tools and a risk-based approach;
- Preventive fight against violations;
- Effective investigation of tax crimes;
- Effective collection of tax debts.

4 SUSTAINABLE AND RESILIENT DEVELOPMENT



To ensure the implementation of the tasks set before us in connection with the unified strategic state goals, the continuous and sustainable development of our organization must be ensured. A forward-looking tax authority plays an important role in supporting economic development, strengthening public trust, and promoting voluntary tax compliance.

Innovation is one of the main pillars of the sustainable development of tax administration. The application of advanced technologies such as data analytics, artificial intelligence, and automation optimizes processes, reduces human errors, and improves the decision-making process. These innovations enable tax authorities to handle complex tasks, detect inconsistencies in a timely manner, and provide taxpayers with services of consistent quality. An innovation culture aimed at continuous improvement also ensures resilience in the face of economic and technological changes. At the same time, ensuring the security of the information that constitutes tax and commercial secrets is a key component of the tax authority's vision and target strategy. Due to the increasing number of digital threats and cyberattacks, ensuring information security is becoming more important and turning into a priority issue for tax authorities.

The State Tax Service works in mutual coordination with other state bodies in implementing the measures under their responsibility and supports their activities. Whether it is the implementation of the tasks envisaged in the "Socio-Economic Development Strategy of the Republic of Azerbaijan for 2022–2026" or arising from the Service's areas of activity, cooperation is carried out jointly with the relevant government bodies. These manifests itself in the implementation of customs policy, the protection of consumer and entrepreneur rights, regulation of the competitive environment, and adherence to price discipline.

In addition, relations with international organizations are important for adopting global best practices and maintaining compliance with international tax standards. Considering the recommendations of many reputable regional and global organizations, assessing the possibilities of applying the most progressive practices of foreign countries to the national tax system, as well as adapting existing legislation to modern requirements — all of these require new approaches and make the implementation of this inevitably necessary target direction essential. Increasing the role of the tax authority in raising the country's position in international rankings, studying advanced international experience in the field of taxation and exploring the possibilities of adapting and applying this experience to the national tax system, as well as assessing international taxation principles to increase tax compliance, will be among our primary focus areas.

Implementation of 4 targets is envisaged within this strategic direction:

- Ensuring a sustainable, uninterrupted, and secure information technology environment for modern tax administration;
- Expanding regional and international experience exchange, including the scope of international tax treaties;
- Providing support for the implementation of the commitments undertaken by the country in the field of combating climate change;
- Strengthening interaction and effective coordination with the Ministry of Economy and other state bodies in implementing the measures under their responsibility, and playing an active role in forming tax policy for socio-economic development.