

## **The Law of the Republic of Azerbaijan On The Alat Free Economic Zone**

This Law sets out the legal framework for the operation, development and governance of the Alat Free Economic Zone, pursuant to items 1 and 10 of part I of article 94 of the Constitution of the Republic of Azerbaijan.

### **Chapter 1**

#### **GENERAL PROVISIONS**

##### **Article 1. Definitions used in this Law**

1.0. The following definitions, wherever mentioned in this Law, shall have the meaning set out below:

1.0.1. **Alat Free Economic Zone** means the zone established by the relevant executive authority pursuant to this Law for the carrying out entrepreneurial and investment activities (hereinafter, the “Free Zone”);

1.0.2 **Free Zone Authority** means the administrative body established by this Law that is responsible for the regulation, oversight and the operation of the Free Zone;

1.0.3. **Free Zone Administrative Entities** means the Developer, the Dispute Resolution Bodies, any other administrative body operating within the Free Zone, as well as any legal entity established by the Free Zone Authority or any other legal entity affiliated with the Free Zone Authority;

1.0.4. **Free Zone Legal Entity** means any legal entity established and operating within the Free Zone pursuant to the Free Zone Legislation, other than Free Zone Administrative Entities;

1.0.5. **Free Zone Land** means the area of land delineated by the relevant executive authority for establishment and operation of the Free Zone;

1.0.6. **Free Zone Legislation** means this Law and Internal Regulations issued pursuant to this Law;

1.0.7. *Free Zone Resident means any natural person who does not engage in entrepreneurial activity in the Free Zone and has permission to live there, except for the cases specified in the Internal Regulations adopted by the Free Zone Authority;*

1.0.8. **Business Services Centre** means the Free Zone Administrative Entity established by the Free Zone Authority that is responsible for the issuance of all licenses, permits, visas and approvals within the Free Zone;

1.0.9. **Internal Regulations** means the regulations issued by the Free Zone Authority to regulate relations in connection with the operation of the Free Zone;

1.0.10. **Developer** means a Free Zone Administrative Entity established by the Free Zone Authority for the purposes of operating and developing the Free Zone;

1.0.11. **Developer Land** means a parcel of Free Zone Land allocated by the Free Zone Authority to a Developer;

1.0.12. **Seconded Personnel** means the personnel provided by the relevant Base Economy Authority to undertake specified powers and obligations within the Free Zone; and

1.0.13. **Labour Regulations** means the Internal Regulations setting out the framework for the regulation of labour relations within the Free Zone;

1.0.14. **Base Economy** means the jurisdiction of the Republic of Azerbaijan, excluding the Free Zone;

1.0.15. **Base Economy Authority** means the state bodies municipalities and legal entities of the Republic of Azerbaijan;

1.0.16. **Base Economy Legislation** means normative legal acts of the Republic of Azerbaijan;

1.0.17. **Basic Utilities** means water, electricity, gas supply and telecommunication services and other basic utilities in the Base Economy;

1.0.17-1. **Taxpayer of the Base Economy** - a taxpayer established in accordance with the the Base Economy Legislation and operating in the Base Economy, at the same time operating in the Free Zone, and to whose activities the Base Economy Legislation is applied;

1.0.18. **Base Economy Providers** means the legal entities of the Base Economy responsible for the provision of utilities and other services;

1.0.19. **Governing Board** means the collegial body responsible for the activity and management of the Free Zone Authority;

1.0.20. **Dispute Resolution Bodies** means the bodies responsible for resolution of disputes within the Free Zone;

1.0.21. **Registry** means the register of legal entities, tangible property and intangible property.

## **Article 2. Establishment of the Free Zone**

The Free Zone is established by the relevant executive authority on the Free Zone Land.

## **Article 3. Free Zone Legislation**

3.1. Free Zone Legislation shall apply within the Free Zone.

3.2. Base Economy Legislation shall apply within the Free Zone only in cases set forth by this Law.

3.3. If there is any conflict between Free Zone Legislation and Base Economy Legislation, Free Zone legislation shall prevail.

3.4. If there is any conflict between this Law and Internal Regulations, this Law shall prevail.

3.5. The Free Zone Authority shall verify the authenticity of texts of Free Zone Legislation translated into the English language. Upon verification of authenticity by the Free Zone Authority, such Free Zone Legislation shall have legal validity equal to Free

Zone Legislation in the Azerbaijani language. Free Zone Internal Regulations shall be published in both Azerbaijani and English languages.

#### **Article 4. The Base Economic Legislation applied in the Free Zone**

*4.1. Taking into consideration the provisions of this Law, the following the Base Economy legislation is applied in the Free Zone:*

*4.1.1. the criminal law of the Base Economy;*

*4.1.2. the Base Economy Legislation on the fight against money laundering or other property obtained through crime and the financing of terrorism.*

### **Chapter 2**

#### **GOVERNANCE AND DEVELOPMENT OF THE FREE ZONE**

#### **Article 5. Free Zone Authority**

5.0. The Free Zone Authority is hereby established by the relevant executive authority to regulate and oversee the following:

5.0.1. the activities of Free Zone Residents, Free Zone Legal Entities and Free Zone Administrative Entities;

5.0.2. Free Zone Land;

5.0.3. all property and assets located within the Free Zone; and

5.0.4. any and all other matters related to the strategic objectives of the Free Zone.

#### **Article 6. Powers, duties and responsibilities of the Free Zone Authority**

6.1. The Free Zone Authority shall have the power to:

6.1.1. draft, issue and amend Internal Regulations for the Free Zone in accordance with best international practices and standards;

6.1.2. establish, fund, empower and audit Free Zone Administrative Entities in order to create in the Free Zone a system of governance in accordance with international standards;

6.1.3. delegate its powers and responsibilities to third parties;

6.1.4. sell or otherwise dispose of its shareholdings (participatory interest);

6.1.5. engage relevant advisors, third party consultants or contractors;

6.1.6. request the assistance and cooperation of the Base Economy Authorities in relation to the operation of the Free Zone;

6.1.7. set and collect fees and other financial charges for the services provided by the Free Zone Authority and Free Zone Administrative Entities;

6.1.8. issue certificates of origin;

6.1.9. impose punishment or set and collect fines for violations of Free Zone Legislation;

6.1.10. set and approve its financial budget and the financial budget of Free Zone Administrative Entities;

6.1.11. request state funding and/or borrow money from banks, financial institutions and other bodies;

6.1.12. mortgage or otherwise encumber property and assets for the purpose of securing any finance;

6.1.13. open bank accounts;

6.1.14. engage in any business activity;

6.1.15. provide business incentives in order to attract investment into the Free Zone;

6.1.16. enter into contracts with third-party contractors and/or service providers; and

*6.1.16-1. conclude contracts on his own behalf, acquire and exercise property and non-property rights, act as a plaintiff or defendant in court;*

6.1.17. exercise all other powers in order to fulfil its duties and responsibilities.

6.2. the duties and responsibilities of the Free Zone Authority are:

6.2.1. to ensure the operation, development, management and financing of the Free Zone in accordance with the strategic objectives of the Free Zone;

6.2.2. to promote the adoption of best international practices in the Free Zone;

6.2.3. to attract local and international investments into the Free Zone;

6.2.4. to establish a transparent, efficient and streamlined regulatory framework in order to create a favourable investment, business and entrepreneurial environment, promote investor confidence, eliminate bureaucracy to the maximum extent and to incorporate online and technological solutions as necessary.

6.2.5. to issue compulsory Internal Regulations applicable to the following areas of the Free Zone in accordance with best or leading international practices and standards:

6.2.5.1. activities of Free Zone Legal Entities and Free Zone Administrative Entities;

6.2.5.2. financial and insurance services;

6.2.5.3. land relations;

6.2.5.4. customs;

6.2.5.5. labour relations;

6.2.5.6. migration;

6.2.5.7. taxation;

6.2.5.8. freedom to transact in any currency;

6.2.5.9. bankruptcy and insolvency;

6.2.5.10. notarial activity;

6.2.5.11. intellectual property;

6.2.5.12. environment;

6.2.5.13. competition;

6.2.5.14. certificates of origin;

6.2.5.15. dispute resolution;

6.2.5.16. anti-money laundering and "know your customer" compliance; and

6.2.5.17. other areas as may be deemed necessary.

6.2.6. to establish the organisational structure, rules and procedures required to enable Free Zone Administrative Entities to undertake their duties and responsibilities;

6.2.7. to regulate activities of Free Zone Legal Entities, Free Zone Residents and Free Zone Administrative Entities;

6.2.8. to regulate relations in connection with assets and property located within the Free Zone;

6.2.9. to coordinate with the Base Economy Authorities to enable the Free Zone to achieve its strategic objectives;

6.2.10. to ensure that Free Zone Administrative Entities are adequately funded to undertake their duties and responsibilities;

6.2.11. to issue and submit reports on the performance and strategic direction of Free Zone Administrative Entities to the relevant executive authority; and

6.2.12. to fulfill other duties in order to achieve the strategic objectives of the Free Zone.

6.3. The Free Zone Authority shall execute its powers and fulfil its duties and responsibilities in accordance with Free Zone Legislation, best international practice, international standards and strategic objectives of the Free Zone.

#### **Article 7. Governance of the Free Zone Authority**

7.1. The Free Zone Authority shall be governed in accordance with organisational structure established by the relevant executive authority.

7.2. The Governing Board shall be responsible for the management, achievement of strategic objectives and performance of the Free Zone Authority.

7.3. The Governing Board shall issue relevant documents in respect of the governance of the Free Zone Authority.

7.4. The Governing Board shall be headed by a chairman appointed by the relevant executive authority. The Governing Board shall report directly to the relevant executive authority.

#### **Article 8. Finances of the Free Zone Authority**

8.1. The Free Zone Authority shall be financially independent and have the power to set its own financial budget.

8.2. The State shall ensure that the Free Zone Authority and each Free Zone Administrative Entity are sufficiently funded to undertake their duties and responsibilities.

8.3. The Free Zone Authority may receive income from the following sources:

8.3.1. any applicable fees and other charges;

8.3.2. dividends and payments received from the Developer(s) and any other legal entities owned by the Free Zone Authority; and

8.3.4. any other sources of income provided by the State.

## **Article 9. Exclusion of Base Economy Authorities**

9.1. Except as expressly provided in Free Zone Legislation, Base Economy Authorities:

9.1.1. shall not have any jurisdiction in the Free Zone; and

9.1.2. shall not have any power to regulate or oversee the activities of Free Zone Legal Entities, Free Zone Administrative Entities or Free Zone Residents.

9.2. To the extent requested by the Free Zone Authority or Free Zone Administrative Entities, Base Economy Authorities and Base Economy Providers shall assist the Free Zone Authority and Free Zone Administrative Entities with the development of the Free Zone.

## **Article 10. Developer**

10.1. The Free Zone Authority shall establish one or more Developer(s). The Developer(s) shall be responsible for using and development of the Developer Land.

10.2. The Free Zone Authority shall issue Internal Regulations to set out the governance rules, powers, duties and responsibilities of each Developer.

## **Article 11. Powers and Responsibilities of Developer(s)**

11.1. The duties and responsibilities of the Developer(s) are:

11.1.1. to develop a master plan for the Free Zone Land and/or Developer Land;

11.1.2. to undertake the construction and development of infrastructure on Developer Land (including requisite real-estate);

11.1.3. to operate and ensure maintenance of infrastructure, real-estate and other assets on Developer Land;

11.1.4. to coordinate the activities of utility providers and other services providers on Developer Land;

11.1.5. to use advanced technological solutions on Developer Land;

11.1.6. to attract local and foreign investments into the Free Zone, in particular investments into creation and development of key infrastructure (including requisite real estate) from the private-sector and other sources;

11.1.7. to ensure that it, and any of its affiliates, maintains sufficient financial standing to fulfil its duties and responsibilities; and

11.1.8. to fulfil other duties in order to achieve the strategic objectives of the Free Zone.

11.2. The Developer(s) shall have the following powers to fulfil its duties and responsibilities:

11.2.1. to enter into facility management agreements, operation and maintenance agreements or other commercial agreements of similar effect related to management, operation and maintenance of Developer Land;

- 11.2.2. to lease or otherwise dispose of Developer Land;
  - 11.2.3. to incorporate or participate in legal entities (as participant, shareholder, etc.), to enter into joint development agreements, concession agreements or other commercial agreements of similar effect;
  - 11.2.4. to incorporate and invest into legal entities inside or outside of the Free Zone, and carry out other investment activities;
  - 11.2.5. to delegate its powers, duties and responsibilities (based on agreement or other ground) or to provide its powers, duties and responsibilities to the selected subcontractors;
  - 11.2.6. to engage external advisors or establish an advisory committee;
  - 11.2.7. to borrow money from banks, financial institutions and other bodies;
  - 11.2.8. to mortgage or otherwise encumber property and assets for the purpose of securing any finance;
  - 11.2.9. to open bank accounts;
  - 11.2.10. to guarantee the obligations of legal entities where it has a share, or any third party; and
  - 11.2.11. to exercise other powers as defined by the Free Zone Authority.
- 11.3. Developer shall execute its powers and fulfil its duties and responsibilities pursuant to Free Zone Legislation, best international practices, international standards and strategic objectives of the Free Zone.

## **Article 12. Financing of Developer**

- 12.1. The Developer shall be capitalised and funded by the Free Zone Authority.
- 12.2. The Developer may receive income from the following sources:
  - 12.2.1. lease or otherwise disposal of Developer Land;
  - 12.2.2. commercial agreements;
  - 12.2.3. returns on investment; and
  - 12.2.4. other sources provided by Free Zone Legislation.
- 12.3. Each Developer shall determine its own working program and financial budget in accordance with Internal Regulations. The working program and the financial budget of each Developer shall be subject to the approval of the Free Zone Authority.

## **Article 13. Utilities and transportation**

- 13.1. The Free Zone Authority shall issue Internal Regulations, to regulate the provision of utilities and other services in the Free Zone.
- 13.2. At the request of the Free Zone Authority, Base Economy Providers shall procure the construction of all the requisite infrastructure up to the border of the Free Zone in order to ensure the provision of Basic Utilities and other services within the Free Zone based on wholesale price.

13.3. If requested by the Free Zone Authority, the relevant Base Economy public service providers shall provide public services in the Free Zone on terms and conditions agreed with the Free Zone Authority.

13.4. At the request of the Free Zone Authority, the relevant Base Economy body shall procure the construction of the requisite transportation links connecting to the Free Zone.

### **Chapter 3**

#### **ACTIVITY OF FREE ZONE LEGAL ENTITIES**

##### **Article 14. Activity of Free Zone Legal Entities within the Free Zone**

14.1. The Free Zone Authority shall issue Internal Regulations to regulate the incorporation and administration of Free Zone Legal Entities. These Internal Regulations shall:

14.1.1. set out requirements to incorporate Free Zone Legal Entities;

14.1.2. set out the types of Free Zone Legal Entities;

14.1.3. establish a Registry, for the purposes of registration of Free Zone Legal Entities, such Registry being capable of registering security rights or other encumbrances over their tangible and intangible property;

14.1.4. provide rules and requirements on filing registration, reporting and administration of Free Zone Legal Entities; and

14.1.5. address other matters in order to achieve the strategic objectives of the Free Zone.

14.2. Foreign legal entities or foreign individuals are permitted to invest in a Free Zone Legal Entity and/or to own up to one hundred per cent of the charter capital of a Free Zone Legal Entity without limitations.

##### **Article 15. Licensing and permitting**

15.0. The Free Zone Authority shall issue Internal Regulations, to set out licenses and permissions, the requirements for licensing and permitting entrepreneurial and investment activities within the Free Zone. These Internal Regulations shall:

15.0.1. set out the requirements for licensing, permitting, visas and approvals within the Free Zone, including types of licenses, permits, visas and approvals, documentation required for each application, as well as costs and time required for processing such applications,

15.0.2. establish the Business Services Centre based on a “one-stop-shop” rule responsible for issuing all licenses, permits, visas, approvals and other official documents within the Free Zone; and

15.0.3. address other matters in order to achieve the strategic objectives of the Free Zone

##### **Article 16. Taxation in the Free Zone**



16.1. *The Free Zone Authority, Free Zone Administrative Entities and Free Zone Legal Entities operating in the Free Zone in cases specified in the Internal Regulations adopted by the Free Zone Authority shall be exempt from all taxes related to their activities in the Free Zone. The supply of goods, works and services from the Base Economy to the Free Zone and from the Free Zone to the Base Economy shall be equal to the import and export of goods, works and services for tax purposes.*

16.1-1. *The procedure for the application and deduction of taxes on the incomes of Free Zone Residents, employees of the Free Zone Authority, Free Zone Administrative Entities and Free Zone Legal Entities is regulated by the Internal Regulations adopted by the Free Zone Authority and, in the cases provided for in those rules, by the legislation of the main economy.*

16.2. *If the Free Zone Authority, Free Zone Administrative Entities and Free Zone Legal Entities are providing goods, performing works or services to the taxpayer of the Base Economy, or the taxpayer of the Base Economy is providing goods, performing works or services to the Free Zone Authority, Free Zone Administrative Entities, Free Zone Legal Entities or Free Zone Residents, then the provisions of the Base Economy Legislation shall apply to such taxpayer of the Base Economy in relation to such goods, works and services. Taxes at the source of payment shall not be withheld from payments made by taxpayers of the Base Economy in connection with the goods, works and services provided to the Free Zone Authority, Free Zone Administrative Entities or Free Zone Legal Entities.*

~~16.3. *If persons belonging to the Base Economy provide goods, works, services to Free Zone Legal Entities or Free Zone Residents, the provisions of the Base Economy Legislation on such goods, works, services shall be applied to persons belonging to the Base Economy.*~~

16.4. *During the tax audits conducted on the taxpayer of the Base economy, the tax authorities as third parties obtain information about the transactions conducted with the Free Zone Legal Entity through the Free Zone Authority. Information is provided by the the Free Zone Authority in accordance with the Base Economic Legislation.*

#### **Article 16-1. Financial services**

*When taxpayers of the Base Economy provide services to the Free Zone Authority, Free Zone Administrative Entities and Free Zone Legal Entities in the financial markets, the provisions of the Base Economy legislation shall apply to the taxpayers of the Base Economy in connection with such services, taking into account the Internal Regulations adopted by the Free Zone Authority.*

#### **Article 17. Customs in the Free Zone**

17.1. *No other customs duties and taxes shall be payable, except for fees charged for customs clearance of goods and vehicles imported into the Free Zone by Free Zone Authorities, Free Zone Administrative Entities and Free Zone Legal Entities.*

17.2. *If goods and vehicles are delivered from the Free Zone to the Base Economy and from Base Economy to the Free Zone by taxpayer of the Base Economy, the provisions of the Base economy legislation shall be applied to such goods and vehicles during customs clearance.*

17.3. The Base Economy Customs Authority shall establish a relevant customs body responsible for the implementation of customs regulations in the Free Zone. The relevant customs body shall ensure that its activities are conducted in accordance with the legislation of the Free Zone and *the Base economic legislation in the case and in the manner stipulated in Free Zone Legislation*, with best international practices, international standards and strategic objectives of the Free Zone.

17.4. The Free Zone Authority shall issue Internal Regulations covering customs requirements to ensure the regulation of *goods and vehicles imported in and exported out from the Free Zone*. The Internal Regulations shall set out the following:

17.4.1. Rules and requirements for clearance and marking of *goods and vehicles imported in and exported out from the Free Zone*;

17.4.2. procedures and execution guidelines in relation to customs clearance of *goods and vehicles*;

17.4.3. rules related to interoperability of the relevant customs body and the Base Economy Customs Authority in order to provide a streamlined and efficient customs clearance process;

17.4.4. fees for any documents or services which may be applicable in respect of customs;

17.4.5. rules on the use of customs agents and brokers services; and

17.4.6. address other matters in order to achieve the strategic objectives of the Free Zone

## **Article 18. Border regime in the Free Zone**

If the border of the Free Zone Land or a part thereof coincides with the state border of the Republic of Azerbaijan or with the state border checkpoint, the state border regime applies to the said part of the Free Zone Land. In such a case, the rules of state border regime and the boundaries of the state border checkpoint to be determined by the State Border Service and the Free Zone Authority.

## **Article 19. Free Zone Land**

19.1. The relevant executive authority hereby grants the Free Zone Authority an irrevocable, unfettered and perpetual right of use over the Free Zone Land;

19.2. The Free Zone Authority has the right to use, lease or otherwise dispose of any part of the Free Zone territory. *The Free Zone Authority is entitled to allocate a part of the Free Zone Land for the operation of taxpayers of the Base Economy, which is of a supportive nature for the activities of the entities provided in the first sentence of Article 16.1 of this Law, as a*

*territory that is not considered the customs territory of the Free Zone and the Basic Economic legislation is applied without prejudice to the interests of the Free Zone.*

19.3. The Free Zone Authority shall issue Internal Regulations, in order to create a framework for the regulation of the land relations of the Free Zone. These Internal Regulations shall include:

19.3.1. rules and procedures regarding the development of Free Zone Land;

19.3.2. rules and requirements for the creation of and termination of right of disposal over Free Zone Land, including use, lease, security and encumbrance, in order to maximise the development potential of Free Zone Land;

19.3.3. the administration of the Registry established pursuant to Article 14.1.3. of this Law, such Registry being capable of registering the creation and termination of land use rights within the Free Zone;

19.3.4. other matters in order to achieve the strategic objectives of the Free Zone

19.4. ~~Developer~~, Free Zone Administrative Entities, Free Zone Legal Entities and Free Zone Residents shall be entitled to own and lease property and to have other proprietary rights.

19.5. All rights related to Free Zone Land shall be registered in the Registry.

## **Article 20. Labour Regulations in the Free Zone**

The Free Zone Authority shall issue Internal Regulations to create a framework for the regulation of labour relations within the Free Zone, including matters of labour safety and social protection.

## **Article 21. Seconded personnel**

21.1. If requested by the Free Zone Authority or a Free Zone Administrative Entity, the relevant Base Economy Authority shall provide secondees from amongst their employees to undertake specified powers, duties and responsibilities within the Free Zone.

21.2. the following shall apply to Seconded Personnel:

21.2.1. the relevant Base Economy Authority shall provide resumes of qualified and experienced personnel to the Free Zone Authority, from which the Free Zone Authority is entitled to select Seconded Personnel;

21.2.2. the Seconded Personnel shall continue to be employed and paid by the relevant Base Economy Authority;

21.2.3. the Free Zone Authority or relevant Free Zone Administrative Entity shall, at their discretion, be entitled to extend additional financial or other incentives to the Seconded Personnel; and

21.2.4. the powers, duties, responsibilities and requirements of the Seconded Personnel shall be defined by Internal Regulations. The Seconded Personnel shall be supervised by the Free Zone Authority or relevant Free Zone Administrative Entity.

## **Article 22. Migration in the Free Zone**

The Free Zone Authority shall issue Internal Regulations to regulate migration processes, including types of visa and rules and requirements per each type thereof within the Free Zone.

## **Article 23. Environmental protection within the Free Zone**

The Free Zone Authority shall issue Internal Regulations to regulate environmental protection matters within the Free Zone.

## **Article 24. Investor Protection within the Free Zone**

24.1. Free Zone Legal Entities entitled operate in the Free Zone shall not be subject to any nationalization, expropriation measures, or any other restrictions on private ownership, *except for the cases provided for in the Internal Regulations adopted by the the Free Zone Authority.*

24.2. *Free Zone Legal entities, their investors and shareholders, as well as Free Zone Residents in the cases stipulated by the Internal Regulations adopted by the Free Zone Authority shall have the freedom to invest into the Free Zone and to transfer abroad money earned from their activities, without any limitations.*

24.3. Free Zone Legal Entities, their employees, investors, shareholders *and Free Zone Residents in the cases stipulated in the regulations adopted by the Free Zone Authority* shall have the freedom to transact and conduct financial operations in any foreign currency without limitations.

## **Chapter 4 DISPUTE RESOLUTION**

### **Article 25. Dispute Resolution Bodies**

25.1. The Free Zone Authority shall establish one or more of the following:

25.1.1. Arbitration Centre; and

25.1.2. other dispute resolution bodies.

25.2. The Free Zone Authority shall issue Internal Regulations to regulate dispute resolution procedures and the activities of Dispute Resolution Bodies within the Free Zone.

### **Article 26. Jurisdiction of Dispute Resolution Bodies**

26.1. Unless otherwise contractually agreed between the parties, the Free Zone Dispute Resolution Bodies shall have exclusive jurisdiction to resolve ~~commercial, labor and administrative~~ disputes involving of the Free Zone Authority, Free Zone

Administrative Entities and their employees, Free Zone Legal Entities, Free Zone Residents or any other disputes related to the Free Zone Authority and its operation.

26.2. Unless otherwise contractually agreed between the parties, the courts of the Base Economy shall not have jurisdiction over disputes in which the Free Zone Authority, Free Zone Administrative Entities and their employees, Free Zone Legal Entities, Free Zone Residents are parties or any other disputes related to the Free Zone Authority and its operation, except for the cases set out by this Law.

26.3. The courts of the Base Economy and its other dispute resolution bodies may not have jurisdiction over disputes subject to the exclusive jurisdiction of Free Zone Dispute Resolution Bodies. Judgements and awards issued by Free Zone Dispute Resolution Bodies shall be considered as an enforcement document and no other court or arbitration may terminate, change or invalidate such judgements and awards, except free zone appellation bodies.

### **Article 27. Enforceability of judgements and awards of Dispute Resolution Bodies**

27.1. Judgements and awards issued by a Dispute Resolution Bodies shall be enforceable in the Free Zone and the Base Economy without any recognition or verification.

27.2. Except for matters related to the exclusive jurisdiction of Dispute Resolution Bodies, judgements and awards issued by the courts and other dispute resolution bodies of the Base Economy shall be enforceable within the Free Zone

27.3. The enforcement of judgments issued by a foreign courts, tribunals, *other judicial bodies or arbitration in connection with a dispute arising* from activities in the territory of the Free Zone is limited to the activities carried out in the Free Zone or the property and assets located therein. Such judgements and awards shall be enforced in accordance with international agreements entered into by the Republic of Azerbaijan, or, in absence of such international agreements, judgments and awards may be enforced at the sole discretion of the Free Zone Authority.

### **Article 28. Financing of the Free Zone Dispute Resolution Bodies**

28.1. Free Zone Dispute Resolution Bodies shall be funded by allocations from the Free Zone Authority and fees and charges levied in respect of their services

28.2. The budget of Free Zone Dispute Resolution Bodies shall be determined by the Free Zone Authority.

## **Chapter 5 MISCELLANEOUS**

### **Article 29. Limitation of Liability**

Except in cases of fraud, gross negligence or willful misconduct, employees of the Free Zone Authority or the Free Zone Administrative Entities shall not be subject to any liability in relation to any act or omission, whilst performing their powers duties or responsibilities under or in connection with Free Zone Legislation.

### **Article 30. Languages of the Free Zone**

The English language shall be used as the business language within the Free Zone alongside with the Azerbaijani language, as well as other languages that may be used where necessary. If there is a conflict of language interpretation when using documents or communication, the text of the language agreed by the parties shall prevail.

### **Article 31. Effective date of this Law**

31.1. This Law shall come into effect upon the relevant legal regulation in respect of the activity of the Alat Free Economic Zone, which is stipulated under the Constitutional Law of the Republic of Azerbaijan On Normative Legal Acts

31.2. Subject to Article 31.1 of this Law, Articles 14, 15, 16, 16-1, 17, 19.2, 19.4, 19.5, 24, 25.1, 26, 27 and 28 of this Law shall come into effect the same day the Internal Regulations issued by the Free Zone Authority come into effect.

### ***Article 32. Transitional provisions***

*The temporary management body established by the relevant executive authority will perform the powers, duties and responsibilities of the Free Zone Authority and its Governing Board until the formation of the Free Zone Authority and its Governing Board as deemed in the this Law.*

**President  
of the Republic of Azerbaijan**

Baku, 18th May 2018

№ 1143-VQ

The Law came into force in 06th June 2018.