

## THE LAW OF THE REPUBLIC OF AZERBAIJAN

### On the state budget of the Republic of Azerbaijan

The Milli Mejlis of the Republic of Azerbaijan is making the following decision referring the provision 5 of the 1st chapter of the article 95 of the Constitution of the Republic of Azerbaijan:

The Article 1. The income of the state budget of the Republic of Azerbaijan for 2017 shall be approved in amount of 16 255 000.0 thousand AZN, the expenditures shall be approved in amount of 16 900 000.0 thousand AZN (including the centralized incomes in amount of 15 634 706.0 thousand AZN, local incomes in amount of 629 294.0 thousand AZN, and centralized expenditures in amount of 16 211 286.0 thousand AZN, local expenditures in amount of 688 714.0 thousand AZN).

The Article 2. The incomes of the state budget of the Republic of Azerbaijan for 2017 shall be considered in following amounts on the income sources:

No.	Source of income	Amount
1	2	3
2.1.	Income tax of physical entities	1 168 000.0
2.2.	Profit (income) tax of legal entities	2 179 000.0
2.3.	Land tax of legal entities	50 000.0
2.4.	Property tax of legal entities	178 000.0
2.5.	Value Added Tax	4 137 000.0
2.6.1.	Value Added Tax for import of goods into the Republic of Azerbaijan	1 639 000.0
2.6.	Simplified tax	344 000.0
2.7.	Excise	608 000.0
2.7.1.	Excise for import of goods into the Republic of Azerbaijan	90 000.0
2.8.	Road tax (toll)	89 000.0
2.8.1.	Road tax paid by the owners of vehicles of foreign Countries	17 000.0
2.9.	Extraction tax	111 000.0
2.10.	Custom duties	454 000.0
2.11.	Incomes received from variations between the in country wholesale prices and contract (procurement) prices of goods (excluding the import prices) produced in the Republic of Azerbaijan with regulated prices	189 000.0
2.12.	Incomes received from the credits provided to foreign countries from the Budget	50 815.0
2.13.	Dividends received from the entities with state shares on their stock	5 950.0
2.14.	Incomes from the State Oil Fund (transfer)	6 100 000.0
2.15.	Incomes from the rent of lands under the state property, privatized entities and facilities	8 000.0
2.16.	Incomes from the rent of lands under the state property	8 000.0
2.17.	Incomes from the sale of excise labels	5 000.0
2.18.	State fees	105 000.0
2.19.	Incomes on chargeable services of budget organizations	353 000.0

2.20.	Income from the fines for violation of the tax legislation and sanctions	90 000.0
2.21.	Other incomes	22 235.0

The Article 3. It shall be defined that “Roads” on Purpose Budget Fund is formed on the basis of the following income sources of the state budget:

3.1.	The “Roads” on Purpose Budget Fund	261 000.0
3.1.1.	Road tax	89 000.0
3.1.2.	Simplified tax paid by the persons conducting transportation of passengers and goods with the vehicles under their property exploitation	7 000.0
3.1.3.	Excise applied to imported cars	28 000.0
3.1.4.	Customs fees applied to imported cars	40 700.0
3.1.5.	State fee charged for permissions regulating international vehicle transportations within the Republic of Azerbaijan	12 500.0
3.1.6.	State fee charged for annual technical survey of vehicles, including motorcycles, trailers and semitrailers	15 500.0
3.1.7.	Administrative fees applied for the violation of the rules regarding the permissible center axis weight parameters considering size, weight and load by large and heavy vehicles	
3.1.8.	Funds allocated from the centralized incomes of the state budget	67 300.0

The Article 4. The tax incomes to the state budget of the Republic of Azerbaijan for 2017 are calculated in accordance to the tax rates defined on the Tax Code of the Republic of Azerbaijan.

The Article 5. The collection to the state budget is defined in 30 percent of the variations between the in country wholesale prices and contract (procurement) prices of goods (excluding the import prices) produced in the Republic of Azerbaijan with regulated tax and these collections are not incorporated into taxpayers’ taxes, percentages, financial sanctions and administrative fines.

The Article 6. The centralized incomes of the state budget of the Republic of Azerbaijan for 2017 are formed based on following sources:

6.1. The incomes after local expenditures of the cities and districts for 2016 defined by the Article 10 of this law (except the ones included to the “Roads” on Purpose Budget Fund)

6.2. customs fees, Value Added Tax and excise for import of goods into the Republic of Azerbaijan (excluding the collection from the custom structures of Nakhchivan Autonomous Republic), incomes from the rent of lands under state property, privatized state entities and facilities, incomes from the loans provided to the governments of foreign countries, dividends from companies with state shares in their stock, incomes from the State Oil Fund of the Republic of Azerbaijan, incomes from the sale of excise labels, other incomes, incomes from chargeable services of budget entities funded from the centralized state expenditures, incomes of “Roads” on Purpose Budget Fund (total amount)

The Article 7. Incomes of district and cities for 2017, defined by the Article 10 of this Law, in amount not exceeding local expenditures of respective district and cities forms their local revenues.

The Article 8. The expenditures of the state budget of the Republic of Azerbaijan for 2016 are directed to the following purposes in the level of sectors of functional classification and supplementary sectors:

<b>No.</b>	<b>Directions of expenditures</b>	<b>Amount (in AZN)</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
8.1.	General state services	2 846 898 155.0
8.1.1.	Maintenance cost of legislation and executive power bodies	558 339 828.0
8.1.2.	International activities and costs for membership fees to international organizations	229 069 761.0
8.1.3.	Science expenditures	118 545 440.0
8.1.4.	General state services costs not related to other categories	15 043 403.0
8.1.5.	Expenditures related to maintenance of state debts and commitments	1 641 799 723.0
8.1.6.	Subsidiaries allocated to local budgets (municipalities)	5 200 000.0
8.1.7.	Subsidiaries to Nakhchivan Autonomous Republic	278 900 000.0
8.2.	Defense	2 642 092 672.0
8.2.1.	Security forces	1 269 905 140.0
8.2.2.	National security	111 929 106.0
8.2.3.	Applied researches in field of defense and security	2 642 144.0
8.2.4.	Expenditures not related to other categories	1 257 616 282.0
8.3.	Judicial power, law enforcement and prosecution bodies	1 211 568 138.0
8.3.1.	Judicial power	51 858 829.0
8.3.2.	Law enforcement	927 537 843.0
8.3.3.	Prosecution	58 096 865.0
8.3.4.	Expenditures not related to other categories	174 074 601.0
8.4.	Education	1 736 052 890.0
8.4.1.	Pre-school	137 786 562.0
8.4.2.	Primary school	933 517 278.0
8.4.3.	Specialization school	23 058 384.0
8.4.4.	Secondary school	42 887 794.0
8.4.5.	Higher education	41 383 900.0
8.4.6.	Tertiary education	3 779 187.0
8.4.7.	Other bodies and events in education	553 639 783.0
8.5.	Healthcare	745 381 258.0
8.5.1.	Polyclinics and ambulatory hospitals	113 927 419.0
8.5.2.	Hospitals	340 942 713.0
8.5.3.	Other services in healthcare field	2 576 583.0
8.5.4.	Applied researches in healthcare	5 065 465.0
8.5.5.	Other services related to healthcare	282 869 078.0
8.6.	Social protection and social security	2 252 992 337.0
8.6.1.	Social protection expenditures	2 036 029 218.0
8.6.1.1.	Allocations (transfers) from the state budget to the State Social Protection Fund of the Republic of Azerbaijan	1 270 000 000.0
8.6.2.	Social security expenditures	216 863 119.0
8.6.3.	Applied researches in social security and social protection	100 000.0
8.7.	Activities in the field of culture, art, information, sport and fields not related to other categories	282 589 235.0
8.7.1.	Activities in the field of culture and art	121 566 271.0

8.7.2.	Radio, TV and print media	57 081 310.0
8.7.3.	Sport, youth policy and tourism	38 645 224.0
8.7.4.	Activities not related to other categories	65 296 430.0
8.8.	Housing and communal services	304 210 693.0
8.8.1.	Housing services	31 306 635.0
8.8.2.	Communal services	260 392 058.0
8.8.3.	Water economy	11 961 000.0
8.8.4.	Other services related to housing and communal services	551 000.0
8.9.	Fuel and energy	3 515 000.0
8.9.1.	Energy complex	2 500 000.0
8.9.2.	Applied researches in the field of fuel and energy complex	1 015 000.0
8.10.	Agriculture, forestry, fishery, hunting and protection of environment	517 434 245.0
8.10.1.	Agriculture	479 181 188.0
8.10.2.	Forestry	12 659 336.0
8.10.3.	Fishery and hunting	2 786 021.0
8.10.4.	Protection of environment	14 960 630.0
8.10.5.	Hydrometeorology activities	7 857 070.0
8.11.	Industry, construction and natural fossils	2 521 126 000.0
8.11.1.	Construction	2 504 276 000.0
8.11.1.1.	State investment (investment costs)	2 501 000 000.0
8.11.2.	Natural fossils	12 350 000.0
8.11.3.	Geodesy and cartography	4 500 000.0
8.12.	Transportation and communication	101 838 073.0
8.12.1	Transportation	98 155 073.0
8.12.2.	Communication	3 683 000.0
8.13.	Economic activity	191 507 755.0
8.13.1.	Economic and commercial activities	135 000 000.0
8.13.1.1.	Support to entrepreneurship	35 000 000.0
8.13.1.2.	Support to mortgage loans	100 000 000.0
8.13.2.	Other fields of economic activities	55 168 345.0
8.13.3.	Applied and practical researches in the field of economic activities	1 339 410.0
8.14.	Services not related to main sectors	1 542 793 549.0
8.14.1.	On purpose budget funds	261 000 000.0
8.14.1.1.	“Roads” on purpose Budget Fund	261 000 000.0
8.14.2.	Reserve funds	300 000 000.0
8.14.2.1.	Reserve Fund of the President of the Republic of Azerbaijan	200 000 000.0
8.14.2.2.	The Reserve Fund of the State Budget	100 000 000.0
8.14.3.	Other expenditures not related to main sectors	981 793 549.0
8.14.3.1.	Expenditures related to the holding of international and local events	20 000 000.0
8.14.3.2.	Expenditures related to elimination of the results of emergency situations	20 000 000.0
8.14.3.3.	Expenditures related to other services	941 793 549.0

The Article 9. The expenditures of the state budget of the Republic of Azerbaijan for 2017 are approved in the level of paragraphs of functional and economic classification in amount provided in the annex of this Law.

The Article 10. The incomes on the cities and districts of the Republic of Azerbaijan shall be approved in the amount of 7 510 000 000.0 AZN, including the amount related to “Roads” on Purpose Budget Fund in the amount of 108 000 000.0 AZN, local expenditures 688 714 000.0 AZN, part of incomes after local expenditures and related to centralized incomes in the amount of 6 781 706 000.0 AZN, the maximum amount of allocation from centralized expenditures for regulating local incomes and expenditures in the amount of 68 420 000.0 AZN.

No.	Name of cities and districts	Incomes		Local expenditures	The minimum level of incomes after the local expenditures and related to centralized incomes	The maximum level of allocation from centralized expenditures for regulating local incomes and expenditures
		Total	Including			
	<b>Cities</b>					
1	Baku	6 913 360 000	88 816 000	184 966 000	6 639 578 000	0
2	Ganja	43 757 000	800 000	32 346 000	10 611 000	0
3	Lankaran	16 880 000	813 000	13 390 000	2 677 000	0
4	Mingachevir	20 470 000	60 000	18 721 000	1 689 000	0
5	Naftalan	3 789 000	4 000	2 443 000	1 342 000	0
6	Sumgait	84 106 000	848 000	41 654 000	41 604 000	0
7	Shaki	18 983 000	840 000	14 347 000	3 796 000	0
8	Shirvan	16 250 000	531 000	7 678 000	8 041 000	0
9	Yevlakh	14 022 000	740 000	9 098 000	4 184 000	0
10	Khankandi					
	<b>Districts</b>					
11	Absheron	35 229 000	112 000	11 638 000	23 479 000	0
12	Agjabedi	9 251 000	431 000	8 497 000	323 000	0
13	Aghdam	4 578 000	34 000	9 220 000	0	4 676 000
14	Agdash	5 168 000	26 000	8 271 000	0	3 129 000
15	Aghstafa	4 493 000	54 000	7 151 000	0	2 712 000
16	Aghsu	3 710 000	287 000	5 717 000	0	2 294 000
17	Astara	9 915 000	3 714 000	6 026 000	175 000	0
18	Balakan	5 197 000	1 320 000	6 110 000	0	2 233 000
19	Beylagan	7 648 000	34 000	5 558 000	2 056 000	0
20	Barda	10 834 000	54 000	10 501 000	279 000	0
21	Bilasuvar	6 651 000	1 218 000	5 433 000	0	0
22	Jabrail	1 084 000	28 000	2 604 000	0	1 548 000
23	Jalilabad	7 208 000	44 000	9 705 000	0	2 541 000

24	Dashkesen	2 648 000	4 000	3 630 000	0	986 000
25	Fuzuli	6 237 000	16 000	8 416 000	0	2 195 000
26	Gadabay	4 711 000	20 000	8 433 000	0	3 742 000
27	Goranboy	4 754 000	8 000	7 784 000	0	3 038 000
28	Goychay	8 864 000	40 000	8 560 000	264 000	0
29	Goygol	4 413 000	9 000	5 681 000	0	1 277 000
30	Hajigabul	5 187 000	13 000	3 826 000	1 348 000	0
31	Khachmaz	19 641 000	1 092 000	11 068 000	7 481 000	0
32	Khizi	2 015 000	3 000	2 719 000	0	707 000
33	Khojali	435 000	4 000	1 332 000	0	901 000
34	Khojavand	650 000	10 000	2 281 000	0	1 641 000
35	Imishli	20 645 000	271 000	6 525 000	13 849 000	0
36	Ismayilli	6 679 000	19 000	6 660 000	0	0
37	Kalbajar	1 174 000	2 000	3 732 000	0	2 560 000
38	Kurdamir	7 040 000	14 000	5 935 000	1 091 000	0
39	Gakh	3 713 000	20 000	7 396 000	0	3 703 000
40	Gazakh	9 302 000	36 000	9 073 000	193 000	0
41	Gabala	13 317 000	35 000	6 677 000	6 605 000	0
42	Gobustan	2 922 000	6 000	3 288 000	0	372 000
43	Guba	13 729 000	62 000	8 495 000	5 172 000	0
44	Gubadli	2 489 000	2 000	2 213 000	274 000	0
45	Gusar	6 266 000	30 000	6 236 000	0	0
46	Lachin	2 019 000	72 000	5 464 000	0	3 517 000
47	Lerik	2 137	7 000	5 163 000	0	3 033 000
48	Masalli	8 820 000	41 000	7 784 000	995 000	0
49	Neftchala	6 359 000	32 000	6 169 000	158 000	0
50	Oghuz	2 915 000	31 000	4 747 000	0	1 863 000
51	Saatli	8 032 000	10 000	6 664 000	1 358 000	0
52	Sabirabad	10 804 000	20 000	8 028 000	2 756 000	0
53	Salyan	10 324 000	25 000	10 164 000	135 000	0
54	Samukh	2 846 000	68 000	4 379 000	0	1 601 000
55	Siyazan	3 122 000	15 000	3 107 000	0	0
56	Shabran	4 224 000	33 000	4 191 000	0	0
57	Shamakhi	7 602 000	30 000	7 379 000	193 000	0
58	Shamkir	12 550 000	50 000	15 861 000	0	3 361 000
59	Shusha	1 133 000	4 000	2 140 000	0	1 011 000
60	Tartar	4 804 000	12 000	7 072 000	0	2 280 000
61	Tovuz	14 432 000	4 881 000	12 171 000	0	2 620 000
62	Ujar	4 264 000	16 000	5 742 000	0	1 494 000
63	Yardimli	2 095 000	9 000	4 334 000	0	2 248 000
64	Zagatala	7 524 000	98 000	9 298 000	0	1 872 000
65	Zangilan	1 687 000	4 000	2 017 000	0	334 000
66	Zardab	2 893 000	18 000	5 806 000	0	2 931 000
	<b>Total</b>	<b>7 510 000 000</b>	<b>108 000 000</b>	<b>688 714 000</b>	<b>6 781 706 000</b>	<b>68 420 000</b>

The Article 11. In case, incomes of cities and districts, as well as the highest verge of funds allocated for regulation of local incomes and expenditures are not enough to cover local expenditures, relevant executive

authority allocates funds not more than 10 percent of expenditures of those cities and districts to ensure financing of local expenditures identified in the Article 10 of this Law.

The Article 12. The amounts of payment of internal and foreign state debts of the Republic of Azerbaijan for 2017 shall be approved as following (in AZN):

12.1.	<b>On internal state budget</b>	61 163 400.0
12.1.1.	Interest rate	40 158 416.0
12.1.2.	On the main loan	21 004 984.0
12.2.	<b>On foreign state debt</b>	1 580 636 323.0
12.2.1.	Interest rate	341 809 356.0
12.2.2.	On the main loan	1 238 826 967.0

The Article 13. The highest verge (limit) of internal state debt of the Republic of Azerbaijan for 2017 shall be approved in the amount of 1 000 000.0 thousand AZN and the highest verge (limit) of the foreign state debt shall be approved in the amount of 500 000.0 thousand AZN. The highest verge (limit) of the state guarantee during the year shall approved in the amount of 10 000 000.0 thousand AZN.

The Article 14. According to the Article 7 of the Law of the Republic of Azerbaijan on the “Budget system” within the process of execution of the state budget the justified provisions for expenditures are financed prior, the rest of the provisions for expenditures are financed depending on conditions of transfers on sources of funding of incomes and deficit of the state budget.

The Article 15. The highest verge (limit) of the state budget deficit shall be approved in the amount of 645 000.0 thousand AZN. Its funding in the amount of 625 000 AZN shall be implemented from the transfers form privatization and other sources (transfers from internal and foreign debts and from the united treasure account of the state budget for January 1, 2017), and from European Union grants in the amount of 20 000 AZN.

The Article 16. The highest verge of expenditures of summary budget of the Republic of Azerbaijan for 2017 shall be approved in the amount of 28 767 221.6 thousand AZN.

The Article 17. The budget deficit of the summary of budget of the Republic of Azerbaijan for 2017 shall be approved in the amount of 17 117 084.0 thousand AZN without taking into consideration the incomes of the State Oil Fund of the Republic of Azerbaijan.

The Article 18. This Law is coming into force starting from January 1, 2017.

**Ilham Aliyev**

**President of the Republic of Azerbaijan**

Baku, December 16, 2016.