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Azerbaijan

Payroll & Employment Law Guide

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2026 income-tax reform, social insurance and digital employment-contract duties

For general information purposes only

Overview

A reference for employing in Azerbaijan

Foreign investors frequently use a məhdud məsuliyyətli cəmiyyət, or MMC/LLC. There is no general minimum capital amount. After registration, the tax, bank, social-insurance and electronic employment-contract permissions should be established as separate operating workflows.

AZN 400	40h	21 days	3%
2026 MONTHLY MINIMUM WAGE	NORMAL WORKING WEEK	MINIMUM ANNUAL LEAVE	FIRST SPECIAL-SECTOR INCOME-TAX RATE

WHAT THIS GUIDE COVERS

I	**Setting Up and Doing Business**	Foreign investors frequently use a məhdud məsuliyyətli cəmiyyət, or MMC/LLC.
II	**Working Conditions and Leave Entitlements**	Working time, overtime and leave entitlements should be reconciled between payroll and time records.
III	**Tax and Social Security**	In 2026, employees in the private, non-state and non-oil-and-gas sector use a separate income-tax schedule.
IV	**Payroll Operations**	At least 1 salary payment is made each month.
V	**Hiring and Termination**	An employment contract takes effect on ƏMAS registration.
VI	**Compensation and Benefits**	Base pay for the full monthly working norm may not be below AZN 400.
VII	**Visas and Work Permits**	A foreign national generally needs a work permit for paid activity.
VIII	**Practical Notes and Compliance Risks**	The main payroll risk in Azerbaijan is inconsistent employee or salary data across the ƏMAS contract, payroll master data, bank file and unified return.
IX	**Incentives and Employer Support Schemes**	Azerbaijan's employment support operates through targeted wage co-financing, eligible jobs above the quota and vocational training rather than one general contribution reduction.

I

Setting Up and Doing Business

Foreign investors frequently use a məhdud məsuliyyətli cəmiyyət, or MMC/LLC. There is no general minimum capital amount. After registration, the tax, bank, social-insurance and electronic employment-contract permissions should be established as separate operating workflows.

STRUCTURE OR STEP	2026 RULE	OPERATIONAL NOTE
MMC/LLC	No general minimum capital	Define charter and ownership structure
Closed JSC	Minimum capital AZN 2,000	Share and governance duties
Open JSC	Minimum capital AZN 4,000	Broader governance framework
Fast local LLC e-registration	Real time	Qualifying electronic application
Standard e-registration	No later than 1 day	Run by the State Tax Service
Paper application	No later than 2 days	General state fee AZN 15

Electronic LLC registration carries no state fee. After incorporation, the bank account, tax registration, social and unemployment insurance records, and ƏMAS access should be brought into one permission matrix.

> Verify before payroll
> EOR note: The official sources reviewed do not establish a separate, general Employer of Record license category. The service label does not remove the local employer's employment-contract, tax, social-insurance, immigration or occupational-safety duties.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Working time, overtime and leave entitlements should be reconciled between payroll and time records. Overtime cannot be replaced with additional leave. Night-work premiums and conditional leave or benefit requirements must be checked separately.

II

Working Conditions and Leave Entitlements

TOPIC	RIGHT OR LIMIT	PAYROLL CONTROL
Normal work and rest	8 hours/day, 40 hours/week	Daily rest of at least 12 hours
Overtime	Up to 4 hours over 2 days	2 hours for heavy/hazardous work, paid at least 2 times
Night work	22:00-06:00	Premium depends on decision and contract
Annual leave	At least 21 days, 30 days for specified categories	Generally after 6 months in the first year
Leave pay	Preceding 12-month average / 30.4	May not be below latest salary
Maternity leave	126 days: 70 + 56	Difficult birth 140, multiple birth 180 days
Paternity leave	14 calendar days in total	Paid before and after birth
Childcare leave	Until the child reaches age 3	Partly paid social leave
Sickness benefit	At least 6 months of insurance, first 14 days by employer	Fund thereafter, general maximum 1 year

III · TAX AND SOCIAL SECURITY

In 2026, employees in the private, non-state and non-oil-and-gas sector use a separate income-tax schedule. The general schedule applies to public, oil and gas, or other employers outside the special schedule.

PRIVATE NON-STATE AND NON-OIL-AND-GAS INCOME TAX

MONTHLY TAXABLE INCOME	2026 CALCULATION
Up to AZN 2,500	3%, with the first AZN 200 exempt when eligible
AZN 2,500-8,000	AZN 75 + 10% of the excess over AZN 2,500
Over AZN 8,000	AZN 625 + 14% of the excess over AZN 8,000

III

Tax and Social Security

Under the general schedule, the rate is 14% up to AZN 2,500 and the first AZN 200 is exempt when eligible. Above AZN 2,500, tax is AZN 350 + 25% of the excess. The general tax-residence test is physical presence for more than 182 days in a calendar year.

PRIVATE NON-STATE AND NON-OIL-AND-GAS CONTRIBUTIONS

ITEM AND PAY BAND	EMPLOYEE	EMPLOYER
Social insurance, up to AZN 200	3%	22%
Social insurance, AZN 200-8,000	AZN 6 + 10% of excess	AZN 44 + 15% of excess
Social insurance, over AZN 8,000	AZN 786 + 10% of excess	AZN 1,214 + 11% of excess
Unemployment insurance	0.5%	0.5%
Medical insurance, up to AZN 2,500	2%	2%
Medical insurance, excess over AZN 2,500	0.5%	0.5%

The 2026 monthly minimum wage is AZN 400. Pay for an employee completing the full monthly working norm may not be set below this amount. Income tax, social insurance, unemployment insurance and medical insurance bases must be calculated separately rather than applied as one combined percentage.

IV · PAYROLL OPERATIONS

At least 1 salary payment is made each month. By mutual agreement, 2 payments can be made each month with no more than 16 days between them. An employment contract, amendment or termination takes legal effect when its notice is registered in the ƏMAS electronic system with a qualified electronic signature.

IV

Payroll Operations

OPERATION	DEADLINE OR RULE	CONTROL POINT
Employment contract	Effective on ƏMAS registration	Register before work starts
Income-tax payment	By the 20th of the following month	Reconcile payroll and payment
Insurance payments	With salary, no later than the 15th of the following month	Separate social, unemployment and medical
Unified return	By the 20th of the month after the quarter	Tax and all insurance types
Tax and accounting records	Generally at least 5 years	Personnel records may require longer

ƏMAS, payroll and the bank-payment file should carry the same employee identity, employer, salary and start date. A change in the electronic contract record should not be paid before it reaches payroll master data.

> Verify before payroll
>
> File principle: Keep the employment-contract registration, timesheet, payroll calculation, unified return and bank evidence under the same employee and period key. Restrict electronic filing permissions by role.

V · HIRING AND TERMINATION

An employment contract takes effect on ƏMAS registration. Allowing work before electronic notification is subject to sanction. Probation is capped at 3 months. A fixed-term contract based on an objective reason can generally run for up to 5 years.

SERVICE	EMPLOYER REDUNDANCY NOTICE	MINIMUM SEVERANCE
Less than 1 year	2 weeks	1 month's average salary
1-5 years	4 weeks	1.4 months' average salary
5-10 years	6 weeks	1.7 months' average salary
More than 10 years	9 weeks	2 months' average salary

V

Hiring and Termination

An employee can generally resign with 1 calendar month's written notice. Employer dismissal must rely on a valid ground and procedure under the Labor Code. The dismissal reason and final-pay items should be documented.

In 2026, pension age is 65 for men. For women, it is 64 years and 6 months through July 1, 2026, rising to 65 after that date. Pension eligibility should not be treated as automatic contract termination. The termination ground must be checked separately.

VI · COMPENSATION AND BENEFITS

Base pay for the full monthly working norm may not be below AZN 400. No general automatic annual private-sector pay increase or statutory 13th salary was verified. These payments can arise from an individual contract, collective agreement or employer policy.

PAY ELEMENT	2026 TREATMENT	PAYROLL CONTROL
Base salary	At least AZN 400	Full-month and full-time assumption
Overtime	At least 2 times	Time record required
Night work	22:00-06:00	Obtain premium from binding source
13th salary	No general obligation	Check contract and policy
Meal payment	May be conditionally outside the base	Evidence, norm and cashless payment conditions

Under Decision No. 492 of 2024, a meal payment can fall outside employment income and the insurance base when the daily norm, evidence and cashless-payment conditions are met. The exclusion is not automatic. The payment channel and supporting document should be retained in the payroll file.

VII · VISAS AND WORK PERMITS

A foreign national generally needs a work permit for paid activity. The test requires that no suitable local candidate is available and that the employment service cannot meet the need from domestic labor resources.

VII

Visas and Work Permits

PERMIT ELEMENT	2026 RULE	EMPLOYER CONTROL
Initial permit	Up to 1 year	Contract term if shorter
Renewal	Up to 1 year each time	At least 30 days before expiry
Processing	10, 15 or 20 working days	Based on fee option
1-year permit fee	AZN 1,400 / 1,200 / 1,000	10 / 15 / 20 working days
Early termination notice	5 working days	Employer notifies Migration Service
Departure	10 working days	If no other stay basis exists

The permit is linked to the employer and activity. When employment ends, the immigration notice should be completed as a step separate from the payroll exit. Renewal should not be left to the final month. The 30-day application window should be monitored together with the contract and passport expiry.

VIII · PRACTICAL NOTES AND COMPLIANCE RISKS

The main payroll risk in Azerbaijan is inconsistent employee or salary data across the ƏMAS contract, payroll master data, bank file and unified return. Onboarding, salary changes and termination should follow one approval sequence.

CONTROL	CORRECT TREATMENT	MAIN RISK
ƏMAS registration	Before payroll start	Work before registration
Sector code	Separate private non-oil-and-gas status	Wrong PIT and contribution schedule
Night shift	Confirm binding premium	Assuming one national percentage
Social-protection quota	Test local decision and employer size	Stating one national percentage
E-signature access	Role-based authorization	Unauthorized contract amendment
Foreign worker	Align permit, contract and payroll date	Work before permit

VIII

Practical Notes and Compliance Risks

Night-work premiums and more favorable rights can change under an individual or collective agreement. A quota can apply for groups with special social-protection needs, but this research did not confirm one national percentage. The relevant local decision should be checked before recruitment.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

Azerbaijan's employment support operates through targeted wage co-financing, eligible jobs above the quota and vocational training rather than one general contribution reduction. Eligibility should be confirmed with the State Employment Agency before an application.

PROGRAMME	EMPLOYER BENEFIT	CORE CONDITION
Social-workplace co-financing	50% of salary and payroll deductions	Cap is prior-year national average monthly nominal salary
Co-financing duration	Half the contract, up to 12 months	Programme and candidate eligibility
Employer programme limit	Up to 20% of staff and 30 workplaces	Number of social workplaces
Eligible job above quota	Salary may be funded by the fund	Contract of at least 2 years
Above-quota decision	15 working days	Based on application file
Vocational training	Per-person financing	Based on employer need

An investment-promotion certificate can provide corporate-income-tax benefits, but it is not an automatic payroll contribution reduction for ordinary hiring. A payroll guide should include only programmes that directly affect labor cost.



EOR & PAYROLL, HANDLED

Manage Azerbaijan payroll & employment from one center with Datassist.

Azerbaijan's 2026 income-tax schedule, contribution bands, electronic employment contracts and work-permit deadlines require one coordinated payroll control plan. Datassist helps international employers manage Azerbaijan payroll and employment processes from one center.

Schedule a Meeting →

AZN 400	40h	2026
2026 MINIMUM WAGE	NORMAL WORKING WEEK	CURRENT LEGISLATION BASE

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