

Azerbaijan

Tourism location of the future



Why to invest?

- A priority area in economic diversification and post-pandemic revival policy
- Institutional and governance reforms: A special government agency on tourism
- Reforms on visa facilitation and improving business environment
 - E-visa and visa on arrival procedures
 - Overturning the license requirement for opening a tourism business
 - Introducing incentive mechanisms for the tourism sector



Unprecedented growth between 2015-2019

- 2.1%, 6.9%, 7.6% and 6.4% growth respectively in 2016, 2017, 2018 and 2019
- 44.4% increase in tourist turnover, 49% surge in the number of international tourists
- Positive tourism trade balance reached 330 million USD in 2019
- Share in GDP increased from 3.6% to 4.3%
- The number accommodation service providers, and bed capacity grew respectively by 19.8%, and 34.1%
- Number of overnights surge by two times



International recognition

Awarded by fDi Intelligence: **3rd place** in

FDI Strategy Category

Specialism Awards for:

Activity tourism / Gastronomic tourism / Health and
Wellness tourism

Bespoke awards for:

Economic impact / Education and training /

Improved access / Incentives / Infrastructure upgrades
/ Rapid growers / Special economic zones

TOP 10 TOURISM LOCATIONS OF THE FUTURE 2019/20 – FDI STRATEGY

RANK	DESTINATION
1	Australia
2	Costa Rica
3	Azerbaijan
	Cyprus
	Macau
	Herzegovina, Bosnia-Herzegovina
	Colombia
	Iceland
	Kaunas, Lithuania
	Grenada
	Uzbekistan, Kazakhstan



Investment opportunities

Huge potential in the accommodation sector:

- the number of accommodated visitors in commercial premises grew by 2.1 times while the supply (bed capacity) increased by 20%
- 97/136th in the Travel and Tourism Competitiveness Report by the World Economic Forum for a hotel room number per every 100 persons (two rooms for thousand persons)



Incentives

The Investment Promotion Document (IPD) – a mechanism for discounts in tax payments and customs duties for imported goods:

7 years-long benefits:

- 50 % exemption from income and profit taxes
- 100 % exemption from property and land taxes
- 100 % exemption from VAT and Custom duties for imported construction goods



Terms and conditions for IPD

Building 2, 3 stars hotels and hostels in
Azerbaijan's regions:

Minimal required investment amount:

- 2 million AZN (1.2 million USD) for 2- and 3-stars hotels
- 100 thousand AZN (60 thousand USD) for hostels

IPD is provided by Ministry of Economy

State Tourism Agency assists in the application process



Special economic zones

Tourism and Recreation Zones:

- Guba
- Gusar
- Khizi-Khachmaz

Special tax and customs duty incentives for accommodation, food and beverage, and attraction facilities



Special economic zones

Minimal required investment amount:

- 1 million AZN (600 thousand USD) for accommodation
- 100 thousand AZN (60 thousand USD) for food and beverage
- 500 thousand AZN (300 thousand USD) for attraction facilities



Tourism cluster of KOBIA (Small and Medium Entrepreneurship Agency)

Company/or subcontractor of KOB cluster company are subject to:

- 7 years benefit package:
 - 100 % free from profit tax / property tax / land tax
 - VAT exemption from imported equipment, technology
- Capital investments of sub-contractor (physical persons) is subject to the exemption from income tax



Tourism in liberated territories

- Priority sector for economic build-up
- Special tourism and recreational zones
- Special incentives for tourism investments



Envisaged policy

- Improving the tax legislation and optimization of tax rates
- Further visa facilitation and liberalization directed towards the existing and new markets
- Improving transport and communications, tourist safety and security
- Ensuring the relevant infrastructure developments

We aim to ensure improvement of the business environment and increase attractiveness of the sector to the international investors



Thank you for your attention!

