



Azerbaijan Expense Reimbursement Procedure

This guide outlines the rules and conditions for reimbursing business-related expenses in Azerbaijan. All reimbursements must comply with local tax legislation, social security regulations, and Native Teams' internal accounting standards.

General principles

- Employers may reimburse employees for business-related expenses incurred while performing their duties.
- Reimbursements are subject to review by the Native Teams payroll team.
- Tax authorities review these expenses during annual reporting and may charge taxes on any expenses deemed taxable.

Eligible expenses

The following business-related expenses may be reimbursed:

- ◆ **Travel expenses** – Including flights, accommodation, and public transport.
- ◆ **Work-related purchases** – Office supplies, software, and tools clearly linked to Native Teams' business activities.
- ◆ **Client and business entertainment** – Business meals or events with clients, subject to strict documentation.
- ◆ **Per diems** – Statutory daily allowances (if the employer-led booking approach is chosen).

Reimbursement conditions



1. Travel expenses

- **Expense approach:** Native Teams currently uses an expense-based approach. The employee provides receipts for expenses incurred during travel, and reimbursement is based on those receipts.
- **Per diems:** No per diems are paid when using the expense-based approach. (
- **Note:** To qualify for per diems under government rates, flights and hotels must be booked by the employer, a travel order must be filled out, and payment must be made prior to the trip.
- **Limits:** There are no specific limits other than those defined by government per diem rates (if applicable).



2. Work-related purchases

- **Eligibility:** No specific monetary thresholds apply, but there must be an "obvious link" to Native Teams' business activities.
- **Ownership:** Equipment purchased with reimbursement funds remains the company's property.



3. Client and business entertainment

- **Representation expenses:** These are reimbursable at full value if supported by valid receipts.
- **Limits:** While full reimbursement is possible, the company's tax deductibility is subject to limits set by the relevant executive authority.



Documentation requirements

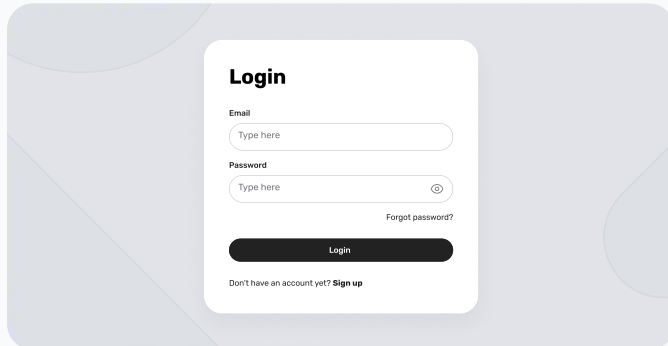
- **Receipt/invoice details:** To be valid for tax purposes and avoid being deemed "taxable income" for the employee, receipts must include:
 - Vendor name and address.
 - Date of transaction.
 - Itemised amounts.
- **Company TIN (VOEN):** Native Teams' Tax Identification Number must be visible on the receipt or invoice.
- **Approval:** All claims are reviewed by the NT payroll team.
- **Verification:** Tax authorities review these claims during annual reporting; any expense without proper documentation or business justification may be reclassified as taxable income.

Special considerations

- **Tax liability:** Any expense deemed non-business related or improperly documented by tax authorities during annual reporting will be charged as taxable.
- **Per diem vs. expense:** Native Teams currently defaults to the expense reimbursement approach (receipts) rather than the per diem approach.
- **TIN requirement:** The company TIN number is a mandatory field on all receipts for a reimbursement to be valid.
- **Record-keeping:** All original documentation and supporting files must be retained for a minimum of 3 years in accordance with Azerbaijani tax law.
- **Currency:** All local settlements and reimbursements must be made in Azerbaijani Manat (AZN).

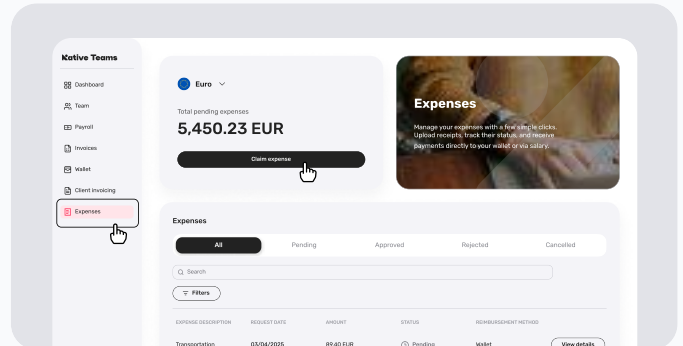
Expense Submission Process

Submitting via **Native Teams** Platform



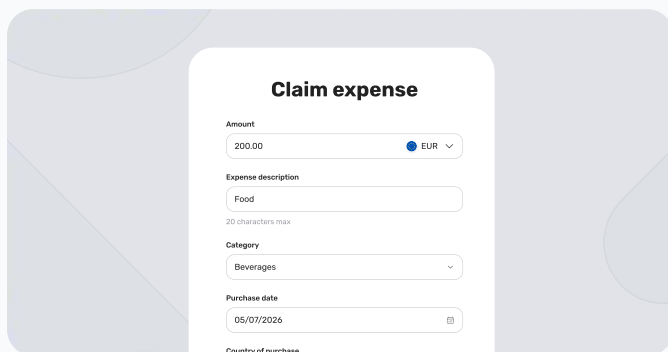
STEP 1

Log in to your Native Teams account.



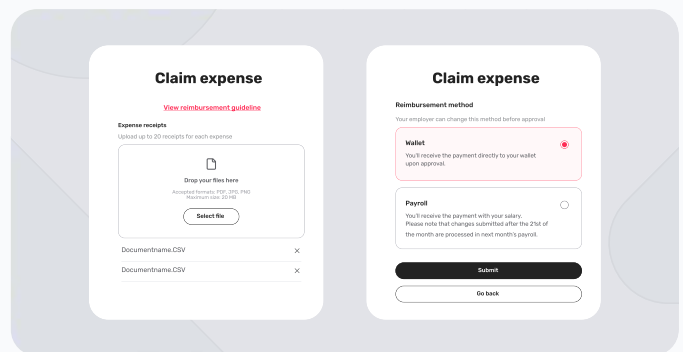
STEP 2

Click on the **Expenses** section on the left side menu and then on the **Claim expense** button.



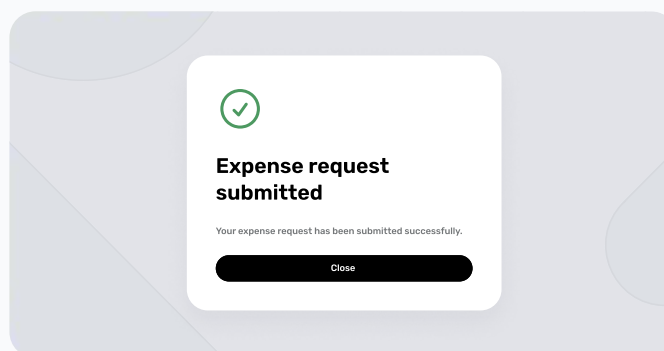
STEP 3

Fill in the required fields for the amount, expense description, category, purchase date, and country of purchase.



STEP 4

Attach a proof and select your reimbursement method: wallet or payroll.



STEP 5

Submit the claim and wait for your employer's approval of the reimbursement.

! Submission deadlines

- All expense claims must be submitted by the **10th of the month** to be processed in the same payroll cycle.
- Claims submitted after the 10th will be included in the following month's payroll.
- If the 10th falls on a weekend or public holiday, the deadline will be brought forward to the previous working day.



Native Teams legal entity - Azerbaijan

◆ **Entity name:** NATIVE TEAMS MMC (Məhdud Məsuliyyətli Cəmiyyət)

◆ **Entity registration number:** 1405941421

◆ **Address:** AZ1122, BAKI ŞƏHƏRİ YASAMAL RAYONU, TBİLİSİ PROSPEKTİ., ev 35, Ofis 523

Native Teams

For any questions regarding expense reimbursements, please contact
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