



Ministry of Finance of Azerbaijan Republic
State Treasury Agency




Cash Management Azerbaijan's Experience

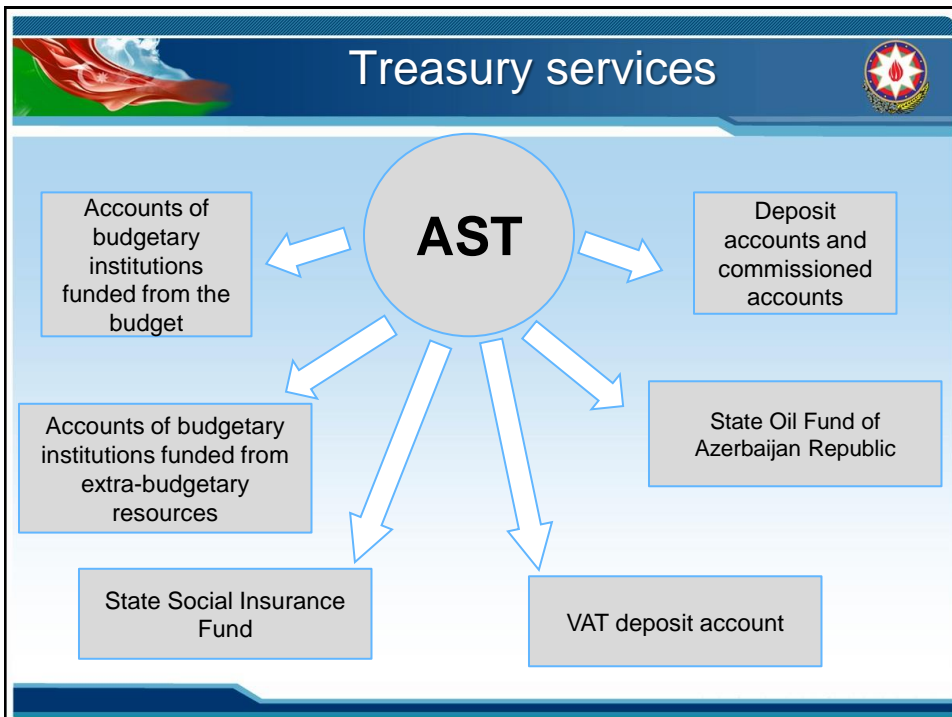
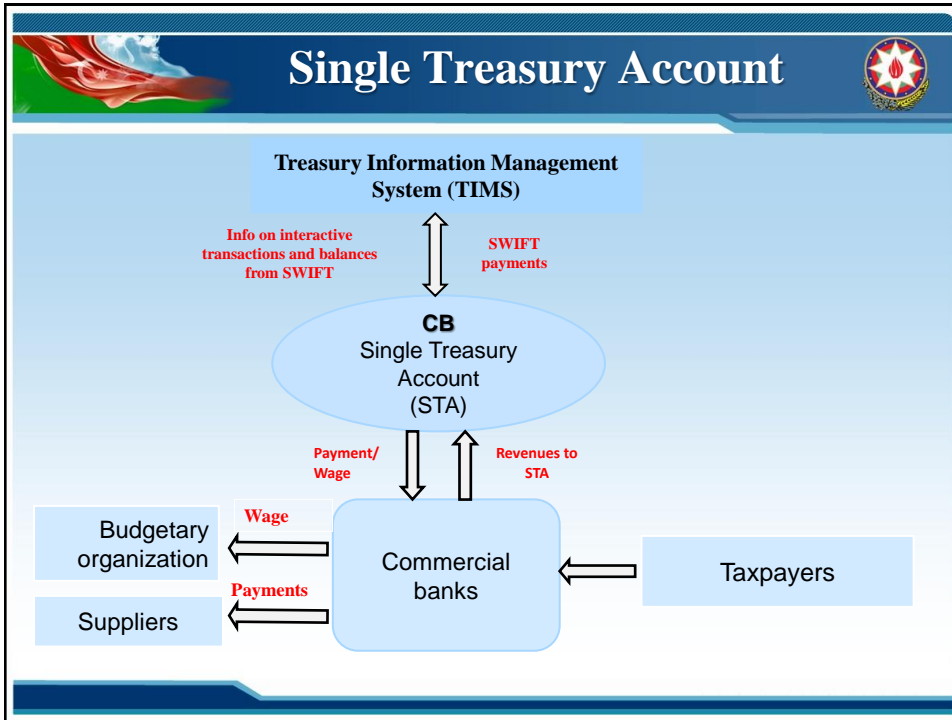
Albania
2015

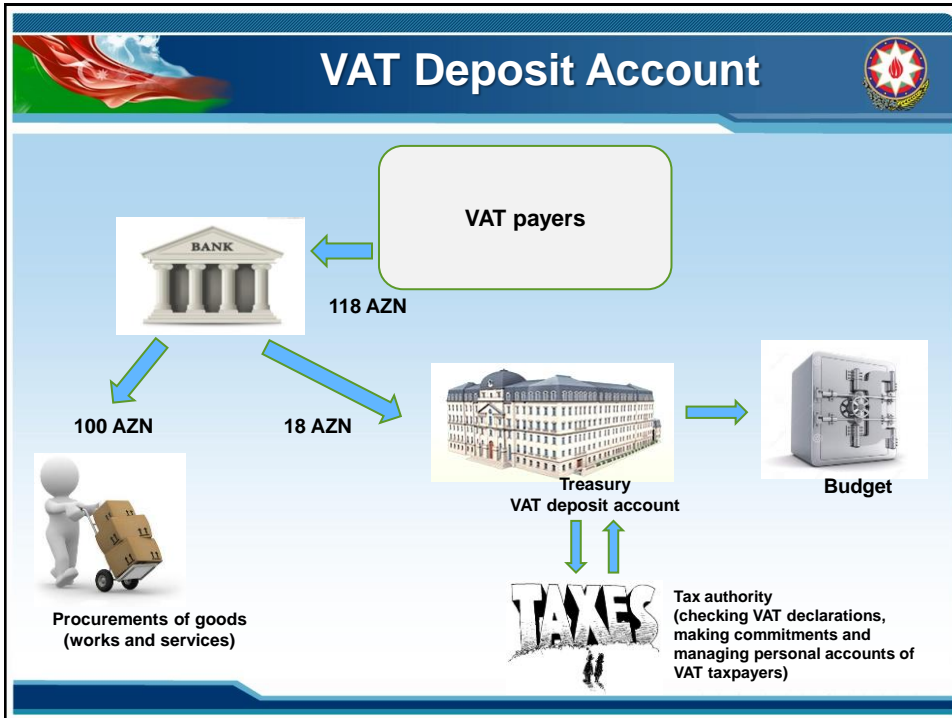


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- ❖ VAT deposit account
- ❖ Cash planning
- ❖ Management of clear cash balance on STA
- ❖ Oil Fund of Azerbaijan Republic
- ❖ Approaches to cash management



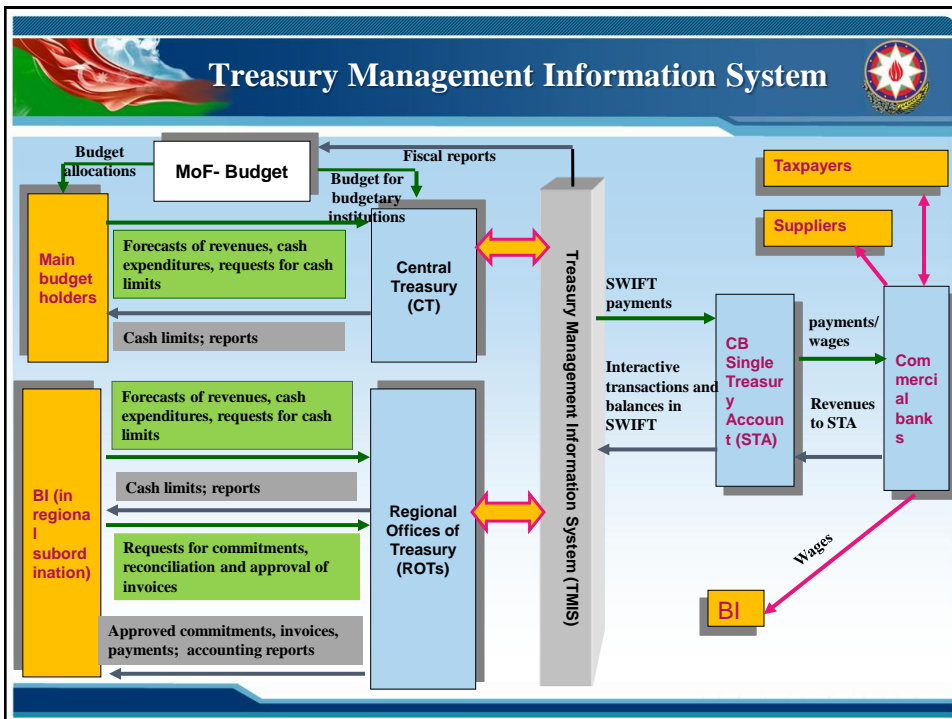


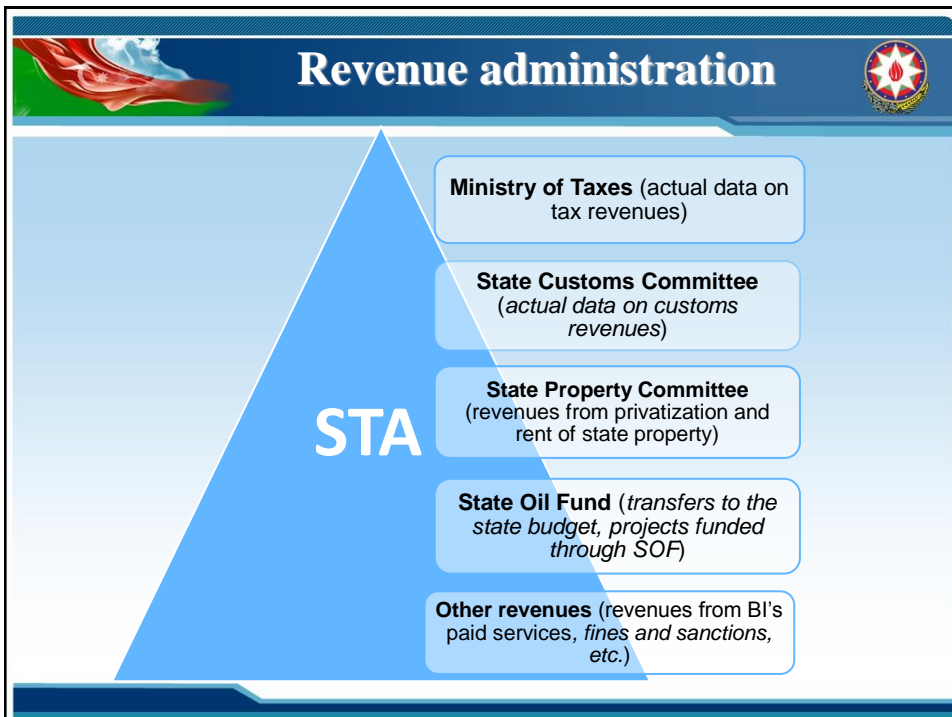
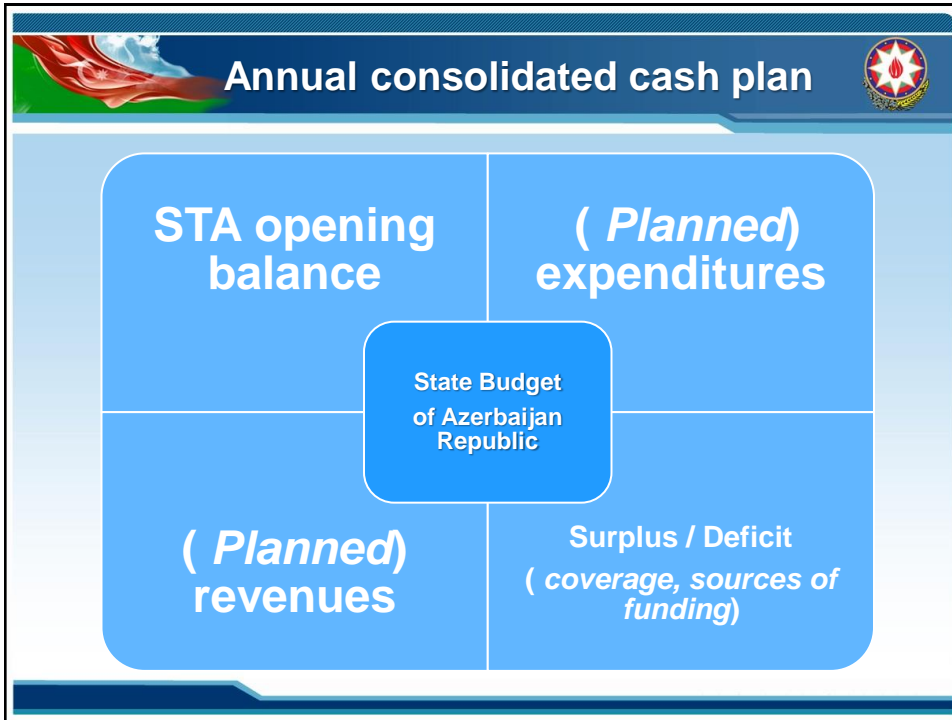
VAT Deposit Account

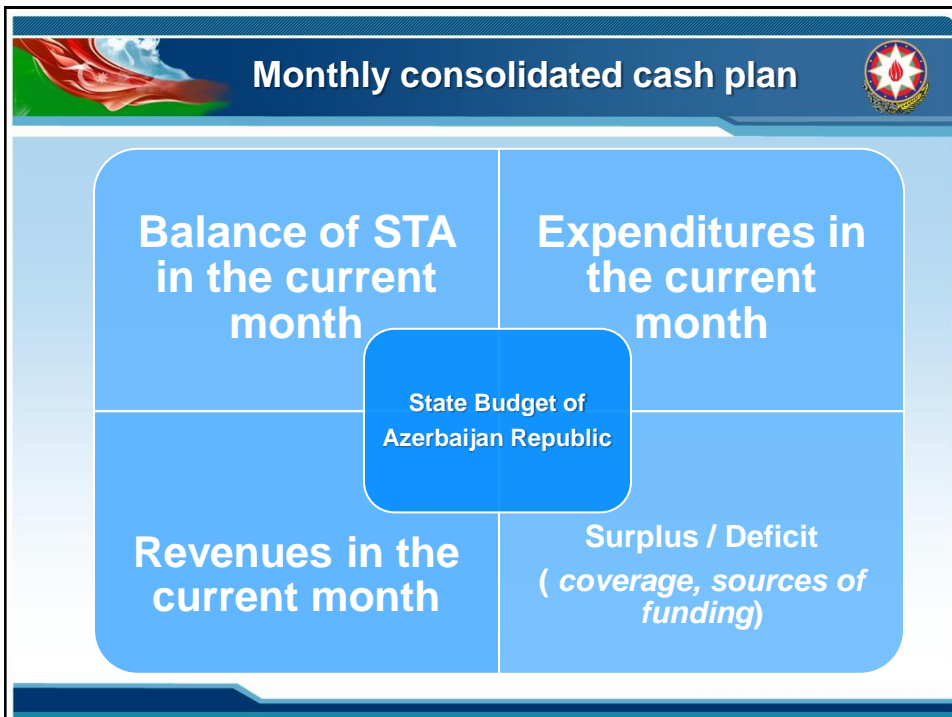
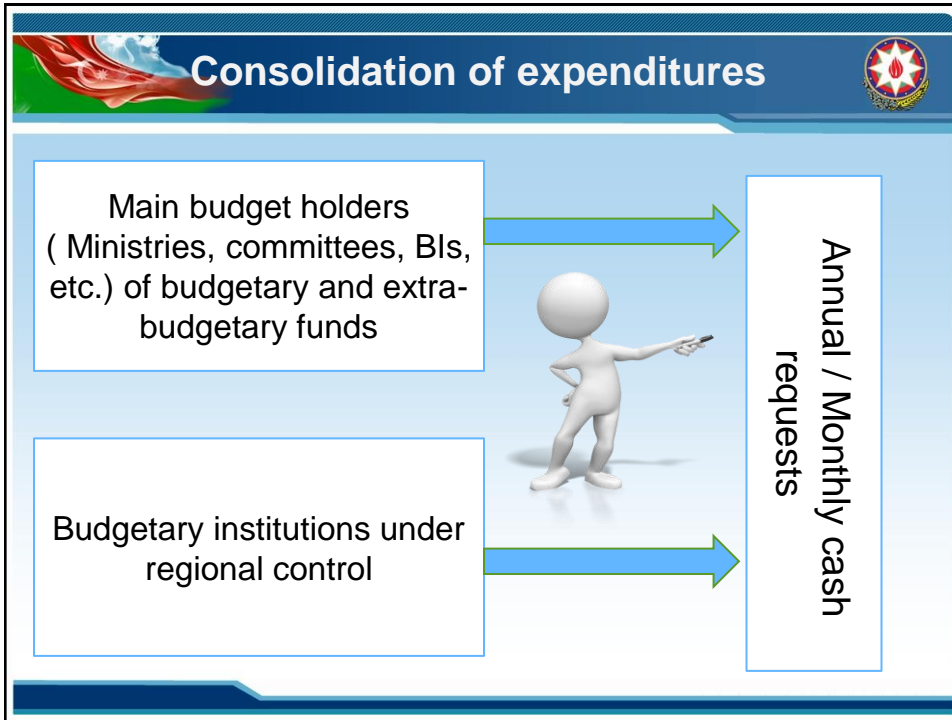
- ❖ *Rules of payment transactions, VAT refund, accounting for VAT deposit account, cash flows of VAT and revenues to the state budget.*
- ❖ *Each taxpayer has a special subaccount.*
- ❖ *At the end of each working day, AST submits an account statement together with banking documents to the Ministry of Taxes.*

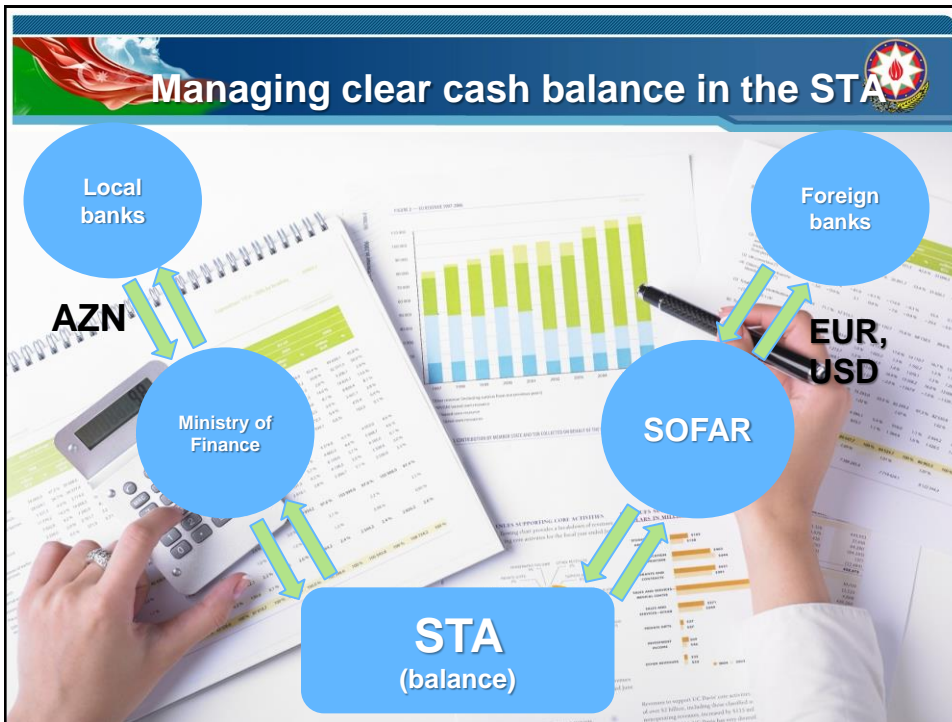
VAT Deposit Account

- ❑ A possibility to pay VAT to the state budget and other VAT beneficiaries right from the VAT deposit account, without involving banks therein;
- ❑ Using electronic invoices;
- ❑ Easier VAT transactions between organizations, owing to mutual settlements;
- ❑ Growing VAT revenues;
- ❑ Using balances of the VAT deposit account for cash management in order to raise additional dividends



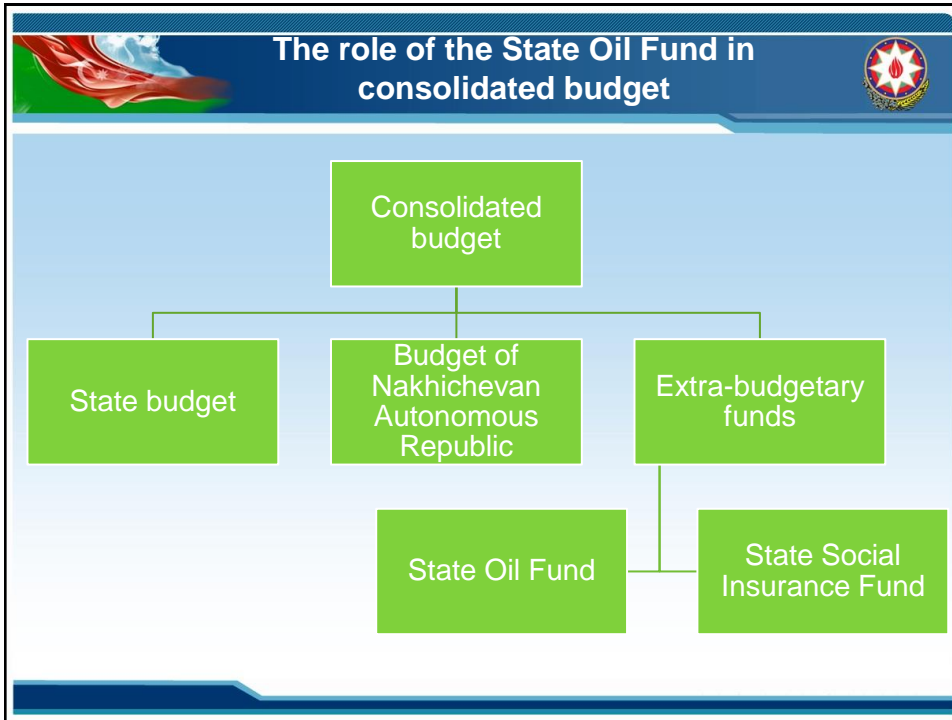






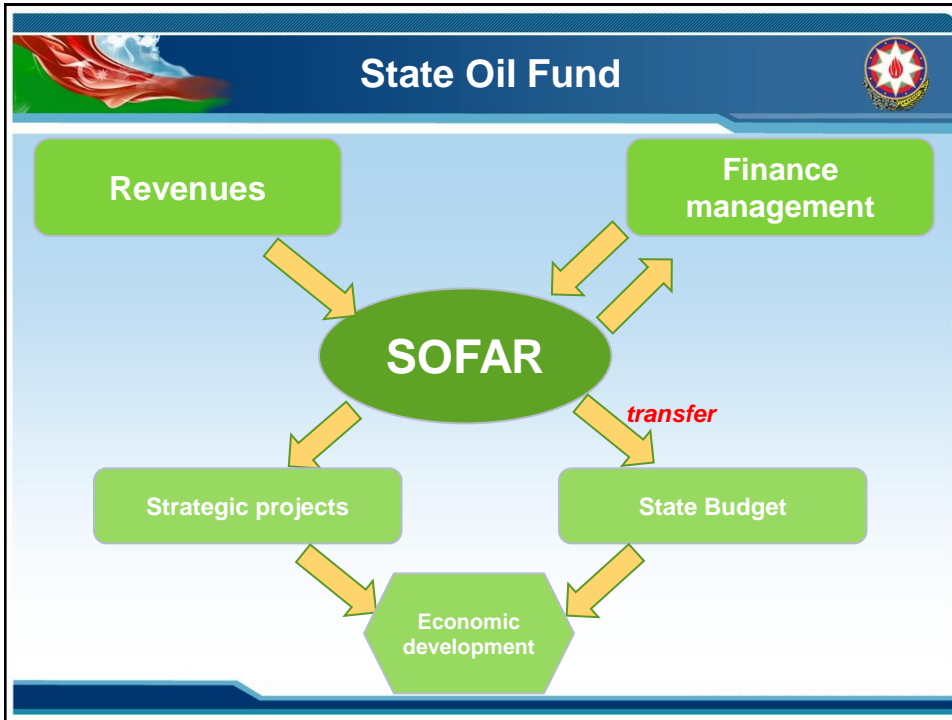
State Oil Fund

- Set up on 29 December 1999 through a Decree of the President of Azerbaijan Republic
- Main principles:
 - extra-budgetary fund
 - status of an independent legal entity
 - fund for the current and future generations



Link between Azerbaijan Consolidated Budget and State Oil Fund


- ❖ SOFAR budgeting is aligned with Azerbaijan state budgeting;
- ❖ SOFAR revenues are projected based on macroeconomic indicators of the Consolidated and State Budgets;
- ❖ Transfers from SOFAR to the State Budget are revenues of the State Budget;
- ❖ Revenues and expenditures of the SOFAR Budget are included in revenues and expenditures of the Consolidated Budget (minus expenditures to run the SOFAR)




Why SOFAR

- ❖ To ensure macroeconomic stability by concentrating revenues in foreign currency in one center;
- ❖ Accumulation of reserves for future generation;
- ❖ Creation of additional revenue sources by managing forex resources in foreign banks;
- ❖ Streaming oil revenues to the currently necessary social and economic projects


Managing clear cash balance on STA



Drawing funds to the STA – e.g. unused balances of government, reserve fund, etc.




Cash payments to cover current demands, which will allow to even fluctuations of cash balances on the STA in the process of budget execution




Managing unused balances on STA : drawing additional revenues from market transactions, inter-budgetary lending to cover cash deficits, etc.


STA Free balance




OAO



BANKS



Municipalities



Loans, leasing, projects, developments, research, construction, rent

