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AZERBAIJAN ECONOMIC REFORMS REVIEW



RULE for use of social insurance reserve



The President of the Republic of Azerbaijan signed a Decree on Approval of the “Rule for use of the Social Insurance Reserve”, dated September 12, 2017.

The procedure approved by this Decree reflects the following provisions:

1. General provisions

1.1. This Procedure regulates the use of the social insurance reserve in accordance with Article 1.0.17 of the Law of the Republic of Azerbaijan "On Labor Pensions".

1.2. The concepts defined under this Procedure shall give the same meaning as provided for in the Law of the Republic of Azerbaijan "On Labor Pensions".

2. Formation of social insurance reserve

2.1. The social insurance reserve is formed from amount left after deducting the part transferred to insurance portion of individual account and administrative costs from mandatory state social insurance fees paid per each insured person.

2.2. A portion of the administrative expenses exceeding the approved amount and unused balance thereof shall belong to social insurance reserve.

3. Use of social insurance reserve

3.1. The social insurance reserve shall be used for the following areas:

3.1.1. bringing the labor pensions to the minimum amount of the labor pension established by the Law of the Republic of Azerbaijan "On Labor Pensions";

3.1.2. financing costs of allowances at the expense of compulsory state social insurance;

3.1.3. financing costs for other payments provided for in the budget of the State Social Protection Fund under the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan.

3.2. The Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan shall ensure the use of the social insurance reserve.

3.3. The amount of the insurance part of the labor pension, formed in accordance with the Law of the Republic of Azerbaijan "On

Labor Pensions" on the basis of pension capital accumulated for the period preceding January 1, 1992, as well as the premiums provided for in Articles 19 and 20 of the same Law are financed from the state budget, whereas all other payments are financed at the expense of the funds of compulsory state social insurance and the social insurance reserve. If there is a shortage of funds from any of the listed sources, the corresponding expenses are financed from other sources.

3.4. In order to raise funds in the social insurance reserve and use them for their intended purpose, a special treasury account of the State Social Protection Fund under the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan is opened in the State Treasury of the Ministry of Finance of the Republic of Azerbaijan.

3.5. The balance of the social insurance reserve not utilized until the end of the year shall be transferred to the next year.



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