TAX CODE OF THE REPUBLIC OF ARMENIA

Գլխավոր տեղեկություն

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LAW

OF THE REPUBLIC OF ARMENIA

Adopted on 4 October 2016

TAX CODE OF THE REPUBLIC OF ARMENIA

PART 1

GENERAL PART

SECTION 1

CONCEPTS AND TAX SYSTEM

CHAPTER 1

GENERAL PROVISIONS

Article 1. Subject matter of Tax Code

1. The Tax Code (hereinafter referred to as “the Code”) regulates the relations (hereinafter referred to as “tax relations”) related to the taxes applied in the Republic of Armenia (hereinafter referred to as “taxes”) and fees provided for by the Code (hereinafter referred to as “fees”), prescribes the principles of the tax system of the Republic of Armenia, the concepts of tax and fee, the types thereof, the scope of taxpayers, tax rates, the procedure and terms of tax calculation, payment, and, in cases prescribed by the Code, levying tax liabilities, as well as defines the principles of tax benefits.

2. The scope of payers of fees, payment rates, procedure and terms of calculation, payment and collection of fees, as well as benefits related thereto shall be prescribed by the Code or the laws of the Republic of Armenia.

3. Tax relations are the relations related to the record-registration and servicing of taxpayers, defining, calculation and payment of taxes and fees, record-keeping of tax liabilities, and, in cases prescribed by the Code, levying, compensation of taxes and fees, defining tax benefits, laying down the rights and obligations of taxpayers, tax and authorised bodies, exercise of tax control, application of sanctions for violating the provisions of the Code and laws of the Republic of Armenia on fees, ensuring fulfilment of tax liabilities, as well as settlement of tax disputes.

4. The types of customs fees, the scope of payers, rates, the procedure and terms of calculation and payment, as well as the benefits shall be prescribed by the customs legislation of the Republic of Armenia, unless otherwise provided by the Code.

Article 2. Regulation of tax relations

1. In the Republic of Armenia tax relations shall be regulated by the Constitution of the Republic of Armenia, the international treaties ratified by the Republic of Armenia, the Code, the laws of the Republic of Armenia on fees, secondary legal acts adopted based thereon for ensuring the implementation thereof, as well as legal acts specified by points 1-6 of part 3 of this Article (hereinafter referred to as “legal acts regulating the tax relations”).

2. The tax relations shall be regulated by the laws of the Republic of Armenia on fees and secondary legal acts prescribed by part 1 of this Article only in cases and within the scopes prescribed by the Code.

3. Tax relations shall not be regulated by the legal acts other than those prescribed by part 1 of this Article, except for:

(1) The Code of the Republic of Armenia on Administrative Offences;

(2) Law of the Republic of Armenia “On fundamentals of administration and administrative proceedings”;

(3) Criminal Code and Criminal Procedure Code of the Republic of Armenia;

(4) Law of the Republic of Armenia “On bankruptcy”;

(5) Laws of the Republic of Armenia “On tax service” and “On operational intelligence activity”;

(6) Law of the Republic of Armenia “On inspection bodies”.

4. If the provisions of legal acts, which regulate tax relations and have equal legal power have contradictions, ambiguities or misinterpretations, they shall be interpreted and applied in favour of a taxpayer.

5. The laws of the Republic of Armenia, which provide for a new type of tax or fee in the Code and increase in the rate of tax or fee established in the Code, or such provisions of the laws of the Republic of Armenia shall enter into force from the beginning of the tax year proceeding the tax year, in which is the day of adopting such laws, but not earlier than from the beginning of the seventh month following the month, in which is the day of the official promulgation of those laws.

6. The laws of the Republic of Armenia providing for a tax benefit or such provisions of the laws of the Republic of Armenia shall enter into force from the beginning of the tax year proceeding the tax year in which is the day of adoption of these laws, unless other terms for the entry of those laws into force is prescribed.

(Article 2 amended by HO-61-N of 3 June 2019)

Article 3. Principles of the tax system of the Republic of Armenia

1. The unified tax system operating in the Republic of Armenia is based on the following principles:

(1) simplicity and certainty — the legal acts regulating the tax relations shall be clear, precise for taxpayers and tax authority and shall not have contradictions and uncertainties;

(2) consolidation — the legal acts regulating the tax relations shall be as consolidated as possible and the regulation of tax relations by separate legal acts shall be avoided;

(3) equality — the legal acts regulating the tax relations shall be equally applied to all taxpayers;

(4) non-discrimination — the application of taxes and fees and tax administration shall not be of discriminatory nature based on social, political, religious, ethnic, ideological, as well as other factors prescribed by the Constitution of the Republic of Armenia;

(5) bindingness — all taxpayers shall be obliged to calculate and pay taxes and make fees in the cases, according to the procedure and in the amount prescribed by the Code and laws of the Republic of Armenian on fees;

(6) transparency and accountability — the tax administration shall be transparent and public;

(7) self-assessment and tax compliance — the taxpayers shall independently calculate and pay taxes and make fees, as prescribed by the Code and laws of the Republic of Armenian on fees;

(8) balance of tax administration — no taxpayer shall be obliged:

a. to pay taxes and make fees, which are not prescribed by the Code and laws of the Republic of Armenian on fees;

b. to pay the taxes and make the fees prescribed by the Code and laws of the Republic of Armenia on fees in violation of the requirements of the Code or laws of the Republic of Armenia on fees;

c. to pay the taxes and make the fees prescribed by the Code and laws of the Republic of Armenia on fees as long as the terms for their payment prescribed by the Code or laws of the Republic of Armenia on fees have expired;

(9) inevitability of liability — the taxpayers shall inevitably be held liable for violating the requirements of the Code or laws of the Republic of Armenia on fees;

(10) proportionality of liability — the liability provided for violating the requirements of the Code or laws of the Republic of Armenia on fees shall be proportional to the gravity of the offence;

(11) pluralism and publicity — the amendments and/or supplements to the Code or laws of the Republic of Armenia on fees shall be made by previously considering them with the representatives of specialist non-governmental organisations, business sector and other state administration bodies concerned;

(12) modernity — the tax system shall be based on the modern systems (including electronic) and

approaches of management;

(13) competitiveness — the tax system shall be competitive in terms of attracting investments and forming favourable business environment;

(14) efficiency — the tax system shall enable the record-keeping at the taxpayers and the tax control by tax authority to be carried out using as little resources as possible.

(Article 3 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018)

CHAPTER 2

CONCEPTS

Article 4. Main concepts used in the Code

1. Within the meaning of applying the legal acts regulating the tax relations, the concepts mentioned below shall have the following meaning:

(1) **tax** — mandatory and non-repayable amount which is paid by taxpayers to the state and/or community budgets of the Republic of Armenia in the manner, amount and within the terms prescribed by the Code for the purpose of satisfying state and/or public needs;

(2) **fee** — a state or local payment provided for by the Code;

(3) **fine** — a sanction prescribed by the Code for the failure to pay taxes or make fees within the terms prescribed by the Code or laws of the Republic of Armenia on fees or for their late payment;

(4) **penalty** — a sanction prescribed for the failure to fulfil or for fulfilling with violations the requirements prescribed by the Code or laws of the Republic of Armenia on fees;

(5) **arrear** — amount of tax or fees prescribed by the Code or laws of the Republic of Armenia on fees, which have not been paid or have remained outstanding by the deadline for payment;

(6) **advance payment of a tax or a fee** — payment of a tax or a fee calculated and made as prescribed by the Code or laws of the Republic of Armenia on fees for a certain period before the end of the reporting period;

(7) **debit amount** — tax amount refundable from the State Budget, reflected in the unified calculation report of the VAT and excise tax generated as a result of an offset (reduction) made as prescribed by the Code, or positive difference of tax amounts refundable from the State Budget incorporated in the verified unified calculation report of the VAT and excise tax submitted for the reporting period and in the previous unified calculation report of the VAT and excise tax submitted for the same reporting period, or VAT and excise tax amounts refundable from the State Budget imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code;

(8) **single account** — deposit sub-account of state extra-budgetary funds run by the Treasury for the purpose of discharging tax liabilities of taxpayers in cases prescribed by the Code, except for tax liabilities imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code;

(8.1) **single account for administrative acts** — deposit sub-account for state extra-budgetary funds run by the Treasury for satisfying tax liabilities imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code;

(9) **treasury** — central treasury of the state body exercising state regulation of the financial sector as authorised by the Government;

(10) **amount of single account** — amount by which the tax liabilities of a taxpayer may be satisfied as prescribed by the Code, except for tax liabilities imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code. This amount may be generated from:

a. payment made to the single account;

b. amounts to be credited to the single account as a result of submission of tax calculation reports (including verified ones);

c. crediting of amounts from the single account for administrative acts to the single account;

d. reduction of liability as a result of enforcement of a court judgment or the decision adopted by the appeals commission with regard to the appeal brought against the action (inaction) of the tax officer in relation to the liabilities imposed by the tax authority based on tax calculation reports submitted by the taxpayer or increase in the value added tax or excise tax refundable amounts subject to crediting to the single account;

e. value added tax refundable amounts or excise tax refundable amounts subject to crediting to

the single account that have been substantiated as a result of an examination of substantiation of amounts to be credited to the single account;

(10.1) **amount of single account for administrative acts** — amount whereby liabilities imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code may be satisfied as prescribed by the Code. This amount may be generated from:

a. payment made to the single account for administrative acts;

b. crediting of amounts from the single account to the single account for administrative acts;

c. reduction of liability as a result of enforcement of a court judgment or decision adopted by the appeals commission with regard to the appeal of the administrative act adopted by the tax authority or increase in the value added tax or excise tax refundable amounts subject to crediting to the single account for administrative acts;

d. reduction of liability as a result of an inspection or examination or increase in the value added tax or excise tax refundable amounts to be credited to the single account for administrative acts;

(11) **taxpayer** — an organisation or a natural person (including an individual entrepreneur, notary), who has or may have an obligation to pay a tax or make a payment in the cases prescribed by the Code or laws of the Republic of Armenia on fees;

(12) **tax authority** — the State Revenue Committee;

(13) **tax administration** — entirety of actions carried out by the authorised body pursuant to the Code and other legal acts for the universal and correct application of the legal acts regulating tax relations;

(14) **authorised body** — state administration or local self-government body implementing administration or exercising control in cases and within the scope prescribed by the Code or laws of the Republic of Armenia on fees;

(15) **assets** — any property belonging to the taxpayer by the right of ownership, property right and personal non-proprietary right;

(16) **intangible asset** — non-material asset, except for funds, financial assets and goodwill;

(17) **financial asset** — financial asset as defined by relevant international accounting standards, except for funds;

(18) **cash** — the currency of the Republic of Armenia or foreign currency in the form of banknotes or coins;

(19) **fixed asset** — fixed asset and investment property as defined by relevant international accounting standards;

(20) **original cost of asset** — the sum total of the asset acquisition price (in case of acquisition without compensation — the price of asset being received and in case of investment in the authorised capital (share capital) — the price determined upon arrangement of parties, which shall be decided on by an independent appraiser in the cases and manner provided for by law), construction or establishment or elaboration costs (including non-compensated costs and taxes and fees not offset (deducted) as prescribed by the Code), transportation, installation costs and/or other costs directly related to acquisition expressed in monetary value. In case the object of leasing (types thereof) is transferred to the taxpayer by the right of ownership, the initial value of asset shall be considered to be the initial value calculated in accordance with point 70 of this part for the given object of leasing. The Government shall define the procedure for determining the initial value of asset due to force majeure — that is as a consequence of emergency and unpreventable circumstances in given conditions;

(21) **liability** — the existing debt of the taxpayer;

(22) **original cost of liability** — the sum total of assets — expressed in monetary value — needed for discharging (satisfying) the liability at the moment of emergence thereof;

(23) i**ncome** — entrepreneurial, personal and/or passive income;

(24) **entrepreneurial income** — increase in asset or decrease in liability attributed to the activity carried out by an organisation, individual entrepreneur or notary, which, taken separately, results in the increase in own capital of an organisation or in increase of net assets of an individual entrepreneur or notary except for elements not considered to be income prescribed by Article 108 of the Code and dividends considered to be personal income within the meaning of point 25 of this part, received by a resident natural person considered to be an individual entrepreneur or a notary. Within the meaning of this point, the income received from the entrepreneurial activity of a natural person who is not considered to be an individual entrepreneur and notary, shall also be deemed to be an entrepreneurial income;

(25) **personal income** — fund or another asset (including in-kind) attributed to the activity carried out by a natural person within the framework of employment or civil law contracts or upon any other basis (except for the cases prescribed by points 24 and 26 of this part). Within the meaning of this point, the dividend received by an individual entrepreneur or a resident natural person

considered to be a notary, shall be deemed to be a personal income regardless of the circumstances of receiving the dividend as an individual entrepreneur or a notary and provisions of point 26 of this part;

(26) **passive income** — incomes received exclusively from the activity of other persons through the investment (provision) of assets by a natural person or a non-resident organisation record-registered but having no permanent establishment in the Republic of Armenia in accordance with Article 27 of the Code, in particular dividend, interest payment, royalty, rental and surplus value of assets (except for the cases prescribed by point 24 of this part and dividends considered to be personal income within the meaning of point 25 of this part, received by a resident natural person considered to be an individual entrepreneur or a notary);

(27) **gross income** — the sum total of the incomes prescribed by the Code received or to be received during the reporting period;

(28) **entrepreneurial cost** — decrease in an asset or increase in liability attributed to the activity carried out by an organisation, individual entrepreneur or notary, which, taken separately, results in the decrease in own capital of an organisation or in decrease in net assets of an individual entrepreneur or notary, except for elements not considered to be expenditure prescribed by Article 112 of the Code;

(29) **own capital** — the difference between the assets and liabilities of an organisation;

(30) **book value of an asset** — the difference between the original value of an asset and the deductions (including depreciation or amortisation deductions) made from it for taxation purposes with consideration of the results of re-assessment carried out as prescribed by point 2 of part 1 of Article 106 of the Code and the capital expense prescribed by point 1 of part 3 of Article 121 of the Code. In case the object of leasing (types thereof) is transferred to the taxpayer by the right of ownership, when determining the book value of the asset, deductions made from it for the purpose of taxation of the given object of leasing shall be deduced with consideration of the capital expense, prescribed by point 1 of part 3 of Article 121 of the Code, made by the lessee before transferring the object of leasing to the lessee by the right of ownership;

(31) **book value of liability** — difference between the initial value of liability and deductions made from it for taxation purposes with consideration of the results of re-assessment carried out as prescribed by point 2, part 1 of Article 106 of the Code;

(32) **dividend** — the income received or to be received by a participant as a distribution of profit (including interim distribution) received from participation in the authorised capital or in share or equity capital of an organisation (stock, share, unit) or joint activity;

(33) **interest** — income received or to be received for the use or sales price of funds provided to another person on the principle of repayment (including for acquiring debt security, as a borrowing, advance payment paid to the bank account of the serving bank) for a deferred payment. Fine for overdue payment as stipulated by law or by a transaction, including the bank interest, shall not be deemed to be interest;

(34) **royalty** — income received or to be received from the use of the intellectual property right or other non-proprietary rights of a taxpayer. In particular, the income received for the use of invention, patents, copyright in the sphere of literature, science or art, including films for television or radio communication, audio and audio-visual recordings, computer programs, certificate, trademark, design or model, scheme, secret formula or process or industrial, trade or scientific information or experience shall also be deemed to be royalty. The concept of royalty shall be applied in Section 10 of the Code in the meaning of part 2 of Article 197 of the Code;

(35) **rental** — income received or to be received by another person for the use of property. The amount paid by a sub-lessee to a lessee shall also be deemed to be a rental;

(36) **capital gain** — positive difference between the sales price and the book value of an asset of a non-resident organisation record-registered but having no permanent establishment in the Republic of Armenia or a non-resident natural person record-registered but having no permanent establishment in the Republic of Armenia, in accordance with Article 27 of the Code;

(37) **tax benefit** — exception from the general procedure and/or terms for calculating and paying taxes, fines and/or penalties prescribed by the Code, which does not entail emergence of or decrease in a tax liability or in the result of which the amount of tax liability subject to discharge is eliminated or the terms of its calculation and/or discharge are postponed;

(38) **goods** — any asset other than funds, financial assets, intangible assets and goodwill, unless otherwise prescribed by the Code. In operations for purchase and sale of foreign currency (foreign currency exchange), foreign currency shall also be deemed to be goods;

(39) **identical goods** — goods that are identical in all aspects, including physical and chemical characteristics, quality, reputation (trademark), as well as description of location in case of an immovable property. Moreover, deviations in the appearance of the goods, which may not be a decisive reason for customers to prefer one of comparable goods over the others, shall not be a satisfactory condition for not considering such goods as identical;

(40) **similar goods** — goods, which, although not identical, have similar characteristics and composition, which enables them to be applied for the same purpose and interchangeably. Moreover, to determine the similarity of goods, among other factors their quality and reputation (trademark), as well as description of location in case of immovable property, shall be taken into account,;

(41) **supply of goods** — transfer of the right of ownership over goods from one person to another for a certain form of compensation (including partial compensation or compensation through grants or subsidies) or without compensation. Within the meaning of this point, supply of goods shall also mean:

a. alienation of goods through pipelines and power transmission lines;

b. provision of goods by a participant of a joint activity to the participant accountable for joint activity, as an investment made in the joint activity, where those goods are provided before the accountable participant issues the statement prescribed by Article 32 of the Code;

c. transfer of the right of ownership over the goods (collateral) from the pledgor to the pledgee or a person indicated by the pledgee;

d. transfer of the object of leasing by the lessor to the lessee, where the contract on leasing (types thereof) provides that the right of ownership over the object of lease may be transferred to the lessee upon expiration of the contract or prior to its expiration;

(42) **transportation of goods** — movement of goods transported by the taxpayer between places of delivery and/or points of delivery thereof; or of goods under a deposit, delegation or agency contracts that provide for the condition of acting on behalf of a principal; or of goods transferred or returned for processing; or of goods being returned as a result of processing of inventory received for processing; or movement of goods acquired and transported (including by the carrier) from any place of delivery or point of delivery, without transferring the ownership right over the goods from one person to another;

(43) **work** — an action, the result of which is material and can be alienated for satisfying the needs and/or demands of another person;

(44) **service** — an action, the result of which is not material and which the receiver consumes during that action;

(45) **identical work** — work which is identical in all respects, including the requirements presented to the person delivering the work, quality of work and the reputation (trademark) of the person delivering the work. Moreover, the deviations in the work specifications, which may not be a decisive ground for the recipient of work to prefer one comparable work over the other, shall not be a sufficient condition for not considering such work as identical;

(46) **identical service** — services which are identical in all respects, including the requirements presented to the person providing the service, the quality of service and the reputation (trademark) of the person providing the service. Moreover, the deviations in the specifications of services, which may not be a decisive ground for the recipient of services to prefer one comparable service over the other, shall not be a sufficient condition for not considering such services as identical;

(47) **performance of work** — transfer of the right of ownership over the result of work from one person to another for a certain form of compensation (including partial compensation or compensation through grants or subsidies) or without compensation. Within the meaning of this point, the performance of work by a participant of a joint activity for the participant accountable for the joint activity, as an investment made in the joint activity, shall also be deemed to be performance of work, provided that this work is carried out before the accountable participant presents the statement prescribed by Article 32 of the Code;

(48) **provision of service** — performance of an action by one person for the benefit of another for a certain form of compensation (including partial compensation or compensation through grants or subsidies) or without compensation. Within the meaning of this point, provision of service by a participant of a joint activity for the participant accountable for the joint activity, as an investment made in the joint activity, shall also be deemed:

a. to be provision of service, if that service is provided before the accountable participant submits the statement prescribed by Article 32 of the Code;

b. provision of electronic services (hereinafter referred to as “electronic service”) — provision of services via information and telecommunication network (electronic communication), including via the Internet, provision whereof is impossible without the use of information technology. The list of electronic services shall be defined by the Government and published on the official website of the Tax Authority.

(49) **comparable circumstances of transactions involving supply of goods, performance of work and/or provision of services** — factors, which do not usually impact the price of supplied goods, performed work and/or provided service. In particular, when determining the comparable circumstances, seasonality, consignment of supplied goods, the volume of performed work and/or provided service, conditions for supply of goods, performance of work and/or provision of service (in particular, by delivery, without delivery, by advance payment, deferred payment to the supplier by

purchaser, existing or future, by issuing insurance bonds or without it) and related services (in particular, installation, testing) as well as post-sale guarantee service shall be taken into consideration;

(50) **sales turnover** — entrepreneurial income to be received in the result of supply of goods, performance of work and/or provision of services expressed in monetary value, which shall not include VAT, excise tax and/or environmental tax amounts;

(51) **personal property of a natural person** — property for personal, family or home use belonging to a natural person by ownership right and subject to use for consumer purposes;

(52) **property of a natural person used for entrepreneurial activity** — property that is not the personal property of a natural person, except for the cases provided by the Code;

(53) **sales** — transfer of the right of ownership from one person to another over the goods and/or the result of performed work or provision of service for a certain form of compensation (including partial);

(54) **alienation** — transfer of the right of ownership from one person to another over the goods and/or the result of performed work or provision of service for a certain form of compensation (including partial) or without compensation;

(55) **paper-transfer document** — accounting document formally corresponding to the requirements prescribed by Article 55 of the Code (supply of goods, performance of work and/or provision of service), the transaction mentioned wherein has not been actually performed between the parties who have compiled that document or has been performed by indicating data smaller by 20 percent and more than one or more of the data defined in point 7 and/or 8 of part 4 of Article 55 of the Code. An accounting document shall not be deemed to be a paper-transfer document where the taxpayer issuing it is liable for performing the transaction, pursuant to a contract on supply of goods, performance of work and/or provision of service. Paper-transfer documents shall not be a basis for calculation and/or payment of taxes and/or fees by taxpayers;

(56) **accompanying document** — a relevant accounting document prescribed by Article 55 of the Code, which proves the supply and transportation of goods in cases and manner prescribed by the Code;

(57) **place of supply** — unit of immovable property, having or not having an address, trade facility, sales outlet of a trading area, itinerant trade point, object of immovable property as a whole composed of immovable property units, subsoil area, a geographic object outside the inter-settlement and settlement borderlines or a general area (one whole area located or not located at the same address and belonging to the taxpayer by the right of possession or enjoyment but not demarcated by the areas belonging to other persons by the right of possession or enjoyment) belonging to the taxpayer or used by him or her, wherefrom the goods are supplied or transported;

(58) **point of supply** — means of transportation, which is used by a taxpayer for supplying or transporting his or her goods, as well as an itinerant trade point;

(59) **electronic submission of tax calculation reports or other documents** — submission of tax calculation reports or other documents to a tax authority by means of an electronic information system using electronic technologies (applying electronic digital signature, electronic code and password);

(60) **electronic digital signature** — means used for identifying the signatory, as well as for protecting the electronic document from forgery and distortion as prescribed by the Law of the Republic of Armenia “On electronic document and electronic digital signature”;

(61) **electronic code and password** — combination of an entry name and password presented by a unique sequence of electronic digital symbols, which enables to enter the information system of the tax authority, identify the person submitting the electronic document, as well as ensures the confidentiality and protection of information regarding the person entering the electronic system against the actions of other persons;

(62) **tax dispute** — disagreement between a taxpayer and the tax authority with regard to relations pertaining to the exercise of tax control (including inspections and examinations) by the tax authority over the calculation and payment of taxes and fees, as well as fulfilment of other requirements prescribed by the Code and laws of the Republic of Armenia on fees;

(63) **tax secret** — any information received by the tax authority or a tax officer regarding the taxpayer and his or her activity, except for:

a. information published by the taxpayer or upon his or her consent;

b. information on a taxpayer identification number;

c. information included in the charter of a taxpayer;

d. information on violation of the requirements of the legal acts regulating tax relations and on the applied sanctions;

e. information on a taxpayer or the activity of a taxpayer provided to the tax and customs authorities of other states based on international or inter-agency treaties (agreements) in cases of

submitting it to those authorities;

f. information on the number of employees or contract workers declared by the taxpayer for the reporting month;

g. information on the liabilities satisfied through the single account or the single account for administrative acts, as well as liabilities with regard to taxes, fees and state duties not being satisfied through the single account or the single account for administrative acts;

h. information on the tax system of the taxpayer;

i. information subject to publication prescribed by Article 308 of the Code and not specified here.

(64) **documents subject to mandatory notification** — documents prescribed by the Code and law (protocols, letters of instruction for lien, decisions, notices), which are received both in a hard copy and through an electronic system within the framework of administrative proceedings on satisfying unpaid tax liabilities, prescribed by part 5 of Article 398 of the Code or on putting a lien on the property of the taxpayer by the tax authority, as well as documents (letters of instructions, draft acts and protocols, acts and protocols, decisions, orders), provided for by the Code, drawn up by the tax authority within the framework of tax inspections and examinations;

(65) **receipt of documents through an electronic system** — receipt and confirmation of documents through electronic means subject to mandatory notification by applying automated management systems, and the conformity of the original of the confirmed documents with the external form, i.e. the electronic document shall be certified by the electronic signature of a relevant official receiving them;

(66) **electronic notification of taxpayers** — posting documents subject to mandatory notification on the taxpayer’s personal page in the electronic management system of the tax authority for submitting reports, which shall be certified by the electronic management system;

(67) **receivables** — amount of debt to be paid (otherwise compensated) to the taxpayer by other persons (debtors), except for the amounts of debt to be paid (returned) to the taxpayer for tax liabilities, duties and other mandatory payments to the state and community budgets;

(68) **payables** — amount of debt (including salary and other equivalent payments, dividends) to be paid (otherwise compensated) to other persons (creditors) by the taxpayer, except for the amounts of debt to be paid by the taxpayer for tax liabilities, duties and other mandatory payments to the state and community budgets;

(69) **object of leasing** — the object of leasing prescribed by the Civil Code of the Republic of Armenia;

(70) **original cost of the object of leasing** — original cost of the object of leasing —- the cost reflected in the lessee's receipt of the object of leasing, the sum total of the construction, creation or development expenses (including taxes and fees which are not compensated for and not offset (reduced) as prescribed by the Code), transportation, location expenses and/or other expenses directly related to the acquisition, expressed in monetary terms;

(71) **book value of the object of leasing** — the difference between the original value of an object of leasing at the lessee and the deductions (including depreciation or amortisation deductions) made from it for taxation purposes with consideration of the capital expense prescribed by point 1 of part 3 of Article 121 of the Code.

(72) tax case file — an individual case file administered in the procedure established by the tax authority for preservation of documents related to the taxpayer;

(73) discount — decrease (reduction) in the price of the delivered goods or the work performed or the service provided;

(74) electronic trading platform — combination of hardware and software to provide for organisational, informational and technical solutions for the purpose of organising electronic trade of goods on the Internet, which shall:

a. be used for the purpose of displaying goods, presenting the conditions of sale of goods to the buyer and concluding contracts on electronic trade of goods;

b. be exploited by a non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia (including those owing the goods);

c. provide conditions for the purchase and sale, transportation of goods having the status of EAEU product between an organisation or an individual entrepreneur of an EAEU member state and a natural person not deemed an individual entrepreneur or a notary of another member state and conditions for delivery of those goods from an EAEU member state to the territory of another member state through electronic channels;

(75) electronic trade of goods — sales of goods by a non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia to natural persons not deemed an individual entrepreneur or a notary in the territory of the Republic of Armenia through electronic platform through Internet information systems, by

simultaneously observing the following conditions:

a. electronic formalities of transactions for the sales of goods;

b. making non-cash payment for acquisition of goods;

c. ensuring goods delivery service or ensuring delivery of goods through persons providing courier and/or postal services for the transportation of goods;

(76) analytical recording — keeping records by calculating the original cost and book value of a specific commodity or other asset or service or work, by reflecting its calculation and further changes;

(77) bank account statement — a document (statement) containing information provided for by legal acts as defined by the Central Bank of the Republic of Armenia;

(78) summary information on bank account — data, currency, balance available on the bank account of a taxpayer as of 1 January and 31 December of the tax year, as well as sum total of amounts credited to and sum total of amounts debited from the bank account during the tax year;

(79)

(80)

(Article 4 supplemented, amended and edited by HO-266-N of 21 December 2017, edited and amended by HO-261-N of 23 March 2018, amended and supplemented by HO-338-N of 21 June 2018, supplemented by HO-68-N of 25 June 2019, HO-172-N of 23 September 2019, edited by HO-146-N of 10 September 2019, amended by HO-185-N of 25 March 2020, supplemented by HO-280-N of 1 June 2020, HO-321-N of 18 June 2020, edited by HO-80-N of 3 March 2021, amended, edited by HO-244-N of 26 May 2021, edited by HO-359-N of 17 November 2021, supplemented by HO-302-N of 7 July 2022, supplemented, edited by HO-55-N of 4 March 2022, supplemented by HO-595-N of 23 December 2022, HO-375-N of 22 November 2023, HO-125-N of 28 February 2024, edited and supplemented by HO-101-N of 1 March 2023)

(the provision of the Article declared as contradicting the Constitution by Decision SDVo-1529 of 12 May 2020 has been brought into compliance with the Constitution by amendment to Article 2 of Law HO-80-N of 3 March 2021)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-172-N of 23 September 2019 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-244-N of 26 May 2021 has a transitional provision)

(Law HO-55-N of 4 March 2022 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-302-N of 16 June 2020 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 April 2025)

(Law HO-104-N of 28 February 2024 has a transitional provision)

(Law HO-125-N of 28 February 2024 has a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law “On regulation of gambling activities” is put into full effect)

(Article as amended by Law HO-292-N of 12 June 2024 shall enter into force on 1 January 2026)

Article 5. Rules for the use of other definitions in the Code

1. Apart from the definitions prescribed by Article 4 of the Code, other definitions are used in the Code the sense and meaning whereof are explained in the relevant sections or chapters of the Code concerning these definitions.

2. The definitions of “taxable object”, “object of payment”, “tax base”, “payment base”, “reporting period” shall be used in legal acts regulating tax relations in the context and with the meaning indicated in the relevant sections or articles of the Code concerning these definitions.

3. Definitions used in the Code for the purpose of regulating relations pertaining to calculation and payment of taxes and fees with regard to the transfer of goods across the customs border of the

Eurasian Economic Union (EAEU) which are not prescribed by the Code shall be used in the meanings prescribed by the customs legislation of the EAEU and the laws and other legal acts of the Republic of Armenia regulating customs relations.

4. Definitions used in the legal acts regulating the field of accounting are used in the Code in the sense and meaning used in those legal acts unless otherwise prescribed by the Code.

5. Definitions used in the legal acts pertaining to the civil, administrative, criminal, labour, family, land spheres, the use of natural resources and environmental protection, licensing, notification, authorisation and other special fields shall be used in the Code within the context and in the meaning used in the legal acts pertaining to the relevant field unless otherwise prescribed by the Code.

6. Where the explanation to the Foreign Economic Activity Commodity Nomenclature (hereinafter referred to as the “CN FEA”) prescribed by the customs legislation of the EAEU used in the Code is different than the interpretation prescribed by the Code with regard to the relevant CN FEA code, the interpretation prescribed by the Code shall be applied.

(Article 5 supplemented by HO-266-N of 21 December 2017)

CHAPTER 3

SYSTEM OF TAXES AND PAYMENTS

Article 6. Types of taxes

1. In the Republic of Armenia, the following shall be applicable:

(1) state taxes which are:

a. value added tax (hereinafter also referred to as “VAT”);

b. excise tax;

c. profit tax;

d. income tax;

e. environmental tax;

f. road tax;

g. turnover tax;

h. ***(sub-point repealed by HO-68-N of 25 June 2019)***

(2) local taxes which are:

a. immovable property tax;

b. vehicle property tax.

2. Taxes not prescribed by points 1 and 2 of part 1 of this Article cannot be defined in the Republic of Armenia.

(Article 6 amended by HO-266-N of 21 December 2017, HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 7. Types of fees

1. In the Republic of Armenia, the following shall be applicable:

(1) state fees which shall be of the following types:

a. state duty;

b. payment for the use of natural resources;

c. welfare payment;

d. mandatory payment for granting (extending the validity of) the permit for the use of radio frequency and the mandatory payment for the use thereof;

e. mandatory fee for regulation of public services;

f. pension fee;

(2) local fees which shall be of the following types:

a. local duty;

b. local payment.

(Article 7 supplemented by HO-266-N of 21 December 2017)

Article 8. Taxation systems

1. General and specific taxation systems shall be applicable in the Republic of Armenia.

2. Within the framework of the general taxation system, organisations, individual entrepreneurs and notaries shall be taxed, in particular, under VAT and/or profit tax.

3. In specific taxation systems:

(1) within the framework of the system of turnover tax, organisations shall be taxed under turnover tax replacing the VAT and/or the profit tax, and individual entrepreneurs shall be taxed under profit tax and turnover tax replacing the VAT;

(2) ***(point repealed by HO-68-N of 25 June 2019)***

(3) within the framework of the system of micro-entrepreneurship, organisations and natural persons shall be exempt, in particular, from taxation under VAT and/or profit tax, as well as under turnover tax in the cases provided for in Chapter 56 of the Code.

4. For the organisations and individual entrepreneurs operating under the specific taxation systems, other taxes and fees prescribed by the Code with regard to the relations that are regulated by the Section of the Code on specific taxation systems (which are not replaced by turnover tax or from which entities of micro-entrepreneurship are not exempted) shall be calculated and paid in the manner prescribed by the Sections of the Code on the relevant tax or fee unless the relevant Chapters of the Code on specific taxation systems provide for peculiarities of calculation and payment of such taxes and fees.

(Article 8 supplemented and edited by HO-266-N of 21 December 2017, amended and edited by HO-68-N of 25 June 2019, amended by HO-285-N of 12 June 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 9. General conditions for setting taxes and fees

1. Taxes and fees shall be considered to be set only if the following elements have been set, except for cases prescribed by part 3 of this Article:

(1) scope of taxpayers;

(2) taxable object;

(3) tax base;

(4) tax rate;

(5) method of calculation of the tax;

(6) procedure and time limits for paying the tax.

2. The elements necessary for setting the tax and the payment for the use of natural resources shall be prescribed by the Code.

3. The provisions of part 1 of this Article shall not be applied to fees other than the payment for the use of natural resources prescribed by the Code; relations pertaining to other fees shall be regulated by the laws of the Republic of Armenia on fees.

4. The regulations prescribed by Articles 10-12, 14 and 18 of the Code concerning the elements for setting of taxes specified in part 1 of this Article shall — except for the regulation prescribed by part 3 of Article 10 of the Code — be applicable also to the payment for the use of natural resources.

5. The regulations pertaining to taxes prescribed by Chapters 6-7, 67-72 and 76-80 of the Code that do not concern the elements for setting of taxes specified in part 1 of this Article shall be applicable to the fees provided for by the Code.

(Article 9 supplemented by HO-149-N of 15 June 2022)

(Law HO-149-N of 15 June 2022 has a final part and a transitional provision)

Article 10. Taxable object

1. Taxable object shall mean any transaction, profit, property, type of activity (including any action or function) or any other object the existence whereof or the existence of the right of ownership over which or the exercise of this right in accordance with the Code entails for the taxpayer the obligation of calculating or paying the tax.

2. A separate taxable object shall be prescribed for each tax.

3. The same taxable object shall be taxed only once under the same tax with the same taxpayer within the reporting period.

Article 11. Tax base

1. Tax base is the value, physical or other characteristic of the taxable object.

2. A separate tax base and method of calculation thereof shall be prescribed for each tax.

Article 12. Tax rate

1. Tax rate is a value (percentage) and/or an invariable which shall be applied to the tax base for the purpose of determining the tax amount.

2. A separate tax rate (rates) shall be set for each type of tax.

Article 13. Reporting period

1. Reporting period shall mean the period of time for which the taxes and/or the payment for the use of natural resources are calculated and paid, tax calculation reports (except for import tax declarations, announcement on import of goods and payment of indirect taxes (or on exemption from indirect taxes or payment of indirect taxes in a different manner) and export tax declarations) are submitted and other obligations prescribed by the Code are performed.

2. The reporting period shall refer only to tax calculation reports and the period of time shall refer to other tax documents, as well as the deadlines for payment.

3. Reporting period shall mean the reporting month or the reporting quarter or the reporting semester or the reporting year.

4. Reporting month shall mean the period comprising the first day through the last day of any month. Reporting quarter shall mean the period comprising the first day of January, April, July or October of the year through the last day of March, June, September or December of the same year respectively. Reporting semester shall mean the period comprising the first day of January or July of the year through the last day of June or December of the same year respectively. Reporting year or tax year shall mean the period comprising 1 January of the year through 31 December of the same year. For the purposes of the provisions of this part, the peculiarities prescribed by parts 5 and 6 of this Article shall be taken into account.

5. In the cases of state registration of the organisation (state record-registration in the cases of separate subdivisions and institutions of an organisation) or state record-registration of a natural person as an individual entrepreneur or appointment of a notary, the start of the reporting period shall be the day of state registration of an organisation (in case of separate subdivisions and institutions of an organisation, state record-registration) or state record-registration of a natural person as an individual entrepreneur or the day on which a notary is appointed.

6. In case of liquidation of an organisation (in the case of separate subdivisions and institutions of an organisation, removal from the state record-registration) or removal of an individual entrepreneur from state record-registration or dismissal of a notary from his or her position, the end of the reporting period shall be the day of liquidation of an organisation (in the case of separate subdivisions and institutions of an organisation, removal from the state record-registration) or removal of an individual entrepreneur from the state record-registration or the day of dismissal of a notary from his or her position.

(Article 13 amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 14. Procedure for tax calculation

1. Tax calculation shall be carried out for each reporting period in accordance with the procedure prescribed by the Sections or Chapters of the Code on different types of taxes, except for cases prescribed by the Code.

2. Taxpayers shall carry out the tax calculation independently, except for cases prescribed by parts 3-6 of this Article.

3. In cases prescribed by the Code, tax calculation shall be carried out by tax agents.

4. Calculation of taxes with regard to a joint venture conducted in the manner prescribed by

Chapter 5 of the Code, except for taxes prescribed by part 1 of Article 32 of the Code, shall be carried out by the participant having assumed the obligation of calculating and paying the taxes and fees under the contract on joint activity (hereinafter referred to as the “reporting participant of the joint activity”), except for cases prescribed by part 6 of this Article.

5. In cases prescribed by Sections 11 and 12 of the Code, the tax calculation shall be carried out by the relevant record-keeping bodies.

6. In cases prescribed by Section 17 of the Code, tax calculation, and in cases prescribed by Sections 6 and 10 of the Code, the calculation of the advance payment shall be carried out (or the tax calculation shall be verified) by the tax authority.

7. Tax calculation shall be carried out in Armenian dram.

(Article 14 supplemented by HO-266-N of 21 December 2017)

Article 15. Methods of calculation of taxes or fees for the use of natural resources and record-registration thereof

(Title supplemented by HO-266-N of 21 December 2017)

1. Taxes or fees for the use of natural resources shall be calculated by the accrual basis accounting method unless the Code provides that the taxes or fees for the use of natural resources shall be calculated by cash basis accounting method. For the purposes of the Code:

(1) accrual basis accounting method shall mean that:

a. a taxpayer keeps records of the income and expenses from the moment of obtaining the right to receive the income or from the moment of recognising the expenses, irrespective of the time of receiving compensation or making a payment;

b. a taxpayer keeps records of taxes, fees for the use of natural resources and the amounts offset (reduced) from taxes from the moment of arising of tax liability or generation of the amounts offset (reduced) from taxes, irrespective of the moment of receiving compensation for the transactions effected by him or her or making fees to the suppliers or tax or customs authorities with regard to the offset (reduced) amounts;

(2) cash basis accounting method shall mean that:

a. a taxpayer keeps records of the income and expenses from the moment of receiving compensation or making fees, irrespective of the moment of obtaining the right to receive the income or from the moment of recognising the expenses;

b. a taxpayer keeps records of taxes, fees for the use of natural resources and the amounts offset (reduced) from taxes from the moment of receiving compensation for the transactions effected by him or her or making fees to the suppliers or tax or customs authorities for the offset (reduced) sums, irrespective of the moment of arising of the tax liability or generation of the sums offset (reduced) from taxes.

2. In cases prescribed by this part, taxes and fees for the use of natural resources shall be calculated by the method of separated accounting. Separated accounting method of calculation of taxes or fees for the use of natural resources shall mean that:

(1) ***(point repealed by HO-68-N of 25 June 2019)***

(2) ***(point repealed by HO-68-N of 25 June 2019)***

(3) where a taxpayer concurrently performs types of activities or transactions subject or not subject to taxation, the taxpayer shall maintain separated accounting of taxable objects, tax bases, as well as deductions, offset (reduced) amounts prescribed by the Code with regard to types of activities or transactions that are not subject to taxation and of taxable objects, tax bases, as well as deductions, offset (reduced) amounts prescribed by the Code with regard to types of activities or transactions subject to taxation;

(4) where a taxpayer at the same time receives [from different sources] income both subject and not subject to taxation, the taxpayer shall maintain separated accounting of income not subject to taxation and deductions directly related to receiving thereof and of income subject to taxation and deductions directly related to receiving thereof;

(5) where a taxpayer concurrently receives elements (income) not considered to be income for the purpose of taxation and those considered to be income for the purpose of taxation, the taxpayer shall maintain separated accounting of the elements (income) not considered to be income for the purpose of taxation and deductions directly related to receipt thereof, and of elements (income) considered to be income for the purpose of taxation and deductions directly related to receipt thereof;

(6) where a taxpayer concurrently performs types of activities or transactions subject to taxation at basic and differentiated rates of the same tax, the taxpayer shall maintain separated accounting

of the taxable objects and tax bases with regard to those types of activities or transactions;

(7) where a taxpayer performs transactions (operations) involving such taxable objects and/or tax bases which can be revised or adjusted in cases prescribed by the Code, the taxpayer shall maintain separated accounting of the taxable objects and/or tax bases formed with regard to these transactions (operations);

(8) where a taxpayer is considered to be a reporting participant or a participant of a joint venture conducted as prescribed by Chapter 5 of the Code, the taxpayer shall maintain separated accounting of taxable objects, tax bases, tax amounts, as well as deductions, offset (reduced) amounts prescribed by the Code with regard to his activity other than joint activity and of taxable objects, tax bases, tax amounts, as well as deductions, offset (reduced) amounts prescribed by the Code formed with regard to the joint activity;

(9) where a non-resident organisation or a non-resident natural person of the Republic of Armenia has a record-registered permanent establishment in the Republic of Armenia, the non-resident organisation or the non-resident natural person shall be obliged to maintain separated accounting of the taxable objects, tax bases, tax amounts, as well as deductions and offset (reduced) amounts prescribed by the Code with regard to the record-registered permanent establishment of the non-resident organisation located in the Republic of Armenia or the non-resident natural person residing in the Republic of Armenia.

3. Where it is impossible to maintain the separated accounting prescribed by points 3-8 of part 2 of this Article, in cases prescribed by points 3-8 of part 2 of this Article, taxable objects, tax bases, tax amounts, as well as deductions and offset (reduced) amounts prescribed by the Code (for the part with regard to which separated accounting cannot be maintained) shall be calculated by the weighted average method, taking as a basis:

(1) ***(point repealed by HO-68-N of 25 June 2019)***

(2) ***(point repealed by HO-68-N of 25 June 2019)***

(3) in the case prescribed by point 3 of part 2 of this Article, the portion of taxable objects, tax bases, as well as deductions and offset (reduced) amounts prescribed by the Code that are attributed to the types of activity or transactions subject to taxation, respectively, in the structure of the taxpayer’s objects of general taxation, general tax bases, as well as general deductions or general offset (reduced) amounts prescribed by the Code;

(4) in the case prescribed by point 4 of part 2 of this Article, the portion of income subject to taxation in the structure of the taxpayer’s total income;

(5) in the case prescribed by point 5 of part 2 of this Article, the portion of the elements (income) considered to be income for the purpose of taxation in the structure of the taxpayer’s total income;

(6) in the case prescribed by point 6 of part 2 of this Article, the portion of taxable objects or tax bases that are attributed to a type of activity or a transaction subject to taxation at the rate other than basic tax rate in the structure of the taxpayer’s general taxable objects or general tax bases respectively;

(7) in the case prescribed by point 7 of part 2 of this Article, the portion of taxable objects or tax bases with regard to the transactions (operations) mentioned in that point, respectively in the structure of taxpayer’s general taxable objects or general tax bases;

(8) in the case prescribed by point 8 of part 2 of this Article, the portion of taxable objects, tax bases, as well as deductions or offset (reduced) amounts prescribed by the Code with regard to the activity other than joint activity, respectively, in the structure of the taxpayer’s general taxable objects, general tax bases, as well as general deductions or general offset (reduced) amounts prescribed by the Code.

4. For the purposes of this Article, it shall be held that it is impossible to maintain separated accounting where taxable objects or tax bases or tax amounts or income, or the deductions or offset (reduced) amounts pertaining to generation of income that are prescribed by the Code cannot be directly attributed to the following that are subject to taxation, not subject to taxation, subject to taxation in different taxation systems, subject to taxation at differentiated rates:

(1) a specific transaction or

(2) a specific type of activity or

(3) a specific type of income.

5. Where it is possible to maintain separated accounting prescribed by points 3-8 of part 2 of this Article but the taxpayer has failed to ensure it, the tax authority shall be entitled to determine the taxable objects or tax bases or tax amounts or income, or deductions or offset (reduced) amounts pertaining to generation of income that are prescribed by the Code by applying the relevant weighted average method prescribed by points 3-8 of part 3 of this Article.

6. The peculiarities of application of the method of separated accounting prescribed by part 2 of this Article and the weighted average method prescribed by part 3 of this Article are prescribed by Sections on separate types of taxes in the special part of the Code.

7. In cases prescribed by Sections of the Code on separate types of taxes, the accounting, serving as a basis for the calculation of taxes or tax bases, shall be maintained based on the provisions of the laws and other legal acts regulating accounting and financial statements unless the Code provides for other peculiarities of their application.

8. As regards considering the income received by a natural person considered to be an individual entrepreneur or a notary, as income of an individual entrepreneur or a notary or of the given natural person, the fact of the transaction party acting as an individual entrepreneur or a notary or a natural person shall be taken into account.

9. Individual entrepreneurs shall be obliged to maintain records of assets and liabilities as prescribed by the Government.

10. Taxpayers shall be obliged to maintain analytical records keeping.

(Article 15 supplemented and amended by HO-266-N of 21 December 2017, amended by HO-68-N of 25 June 2019, supplemented by HO-595-N of 23 December 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 16. Rules of accounting of transactions and operations denominated in foreign currency

1. Within the scope of transactions and operations denominated in foreign currency:

(1) tax bases formed with regard to transactions relating to the import or export of goods and original costs of goods shall be determined:

a. in case of operations relating to import of goods from states that are not members of the EAEU or export of goods to states that are not members of the EAEU, as of the date of registration of the customs declaration for the import or export of goods respectively (irrespective of the fact of submitting afterwards the verified customs declaration for the import of goods or the verified customs declaration for the export of goods as prescribed by the EAEU uniform customs legislation with regard to these operations) based on the average market exchange rate announced by the Central Bank of the Republic of Armenia as of that day;

b. In case of operations relating to import of goods from an EAEU Member State or to the export of goods to an EAEU Member State, as of the date of importing the goods to the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia) or exporting the goods from the Republic of Armenia (crossing the state border of the Republic of Armenia) respectively, based on the average market exchange rate announced by the Central Bank of the Republic of Armenia for that day. In case the goods cross the border of the Republic of Armenia by air transport or postal service rendered by a postal operator, the tax base and initial value of the goods for operations relating to the import of goods from an EAEU Member State or export of goods to an EAEU Member State, are determined as of the date referred to in the transportation documents, namely the bill of lading, consignment or other documents, based on the average market exchange rate announced by the Central Bank of the Republic of Armenia for that day;

(2) in case of transactions involving supply of goods, performance of work or rendering of services concluded between a resident organisation or a resident natural person of the Republic of Armenia and a non-resident organisation or a non-resident natural person of the Republic of Armenia (except for the permanent establishment record-registered in the Republic of Armenia of a non-resident organisation or a non-resident natural person) within the territory of the Republic of Armenia, as well as in cases where the obligation for calculating and paying the value added tax with regard to the transaction involving supply of goods, performance of work or rendering of services carried out by a non-resident organisation having no permanent establishment record-registered in the Republic of Armenia shall be undertaken — in accordance with Section 4 of the Code — by a resident organisation or a resident natural person of the Republic of Armenia or the permanent establishment record-registered in the Republic of Armenia of the non-resident organisation or the non-resident natural person who is considered to be a party to the transaction, the formed tax bases and original costs shall be determined as of the date of issuance of the relevant settlement document (irrespective of the fact of further issuing an adjusting accounting document as prescribed by the Code as a result of the adjustment of this transaction or irrespective of the fact of further cancelling the accounting document issued with regard to this transaction) based on the average market exchange rate announced by the Central Bank of the Republic of Armenia;

(2.1) Tax bases formed in case of transactions related to the provision of electronic services between a natural person who is not an individual entrepreneur or a notary in the territory of the Republic of Armenia and a non-resident organisation having no permanent establishment in the Republic of Armenia, registered with the tax authority in accordance with the procedure prescribed by part 9.1 of Article 288 of the Code, shall be determined as of the day constituting the time of provision of electronic service based on the average exchange rate for the given day in currency markets as published by the Central Bank of the Republic of Armenia;

(2.2) Tax bases formed within the scope electronic trade between a natural person who is not an individual entrepreneur or a notary in the territory of the Republic of Armenia and a non-resident organisation or individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia, registered with the tax authority as prescribed by part 9.2 of Article 288 of the Code, shall be determined as of the day constituting the time of supply of goods, based on the average market exchange rate announced by the Central Bank of the Republic of Armenia as of that day;

(3) tax amount of the taxable income paid by a tax agent shall be calculated as of the date of payment of that income, based on the average market exchange rate announced by the Central Bank of the Republic of Armenia as of that day;

(4) in the cases not referred to in points 1-3 of this part, the tax bases being formed and the original costs of goods shall be determined as of the date of issue of the relevant settlement document, and in case of absence of a settlement document — as of the date of drawing up of other documents related to a transaction or operation as prescribed by the legislation, based on the average market exchange rate announced by the Central Bank of the Republic of Armenia as of that day.

2. For the purposes of this Article, the average exchange rate announced by the Central Bank of the Republic of Armenia by 16:00 of the given day shall serve as a basis for determining the average market exchange rate announced by the Central Bank of the Republic of Armenia on the given day.

(Article 16 supplemented by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, edited, amended and supplemented by HO-68-N of 25 June 2019, supplemented by HO-359-N of 17 November 2021, HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 17. Rules of accounting of in-kind transactions and operations

1. Tax bases and original costs of assets formed as related to in-kind (non-monetary) transactions and operations shall be determined based on free (market) prices as prescribed by the Government.

(Article 17 amended by HO-261-N of 23 March 2018)

Article 18. Procedure and time limits for paying taxes

1. Taxes shall be paid upon the end of the reporting period (and in cases prescribed by the Code, also by way of advance payment prior to the end of the reporting period).

2. Time limits for paying taxes (including advance fees) shall be prescribed by the special part of the Code, separately for each tax type.

2.1. The payment of a tax, fine and/or penalty prescribed by the Code which is imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code shall be made within a period of 10 days following the day the inspection or other administrative act becomes unappealable.

3. Taxes (including advance fees), fines and/or penalties shall be paid through the payment and settlement system in the Armenian dram.

4. Taxes (including advance fees), fines and/or penalties shall be considered to be paid on the day of transfer — by the Central Bank of the Republic of Armenia — of the sum to the treasury account of the State Budget keeping record of the liability with respect to the relevant tax on the basis of the payment order issued by the bank servicing the payer, and with respect to the payment to the single account or the single account for administrative acts — on the day of crediting the relevant sums to these accounts.

5. For the purpose of satisfying tax liabilities through the single account or the single account for administrative acts:

(1) taxpayers shall make the payment of the tax to the single account or the single account for administrative acts;

(2) no notes concerning the purpose of the payment shall be made in the tax payment order and where notes are made, they shall not be considered by the tax authority.

6. Where errors are detected while making the tax payment, the following rules shall be applicable:

(1) for the identification of the payment as per a taxpayer, the taxpayer identification number shall be of primary importance, then the public services number, and where it is not available, the

copy of the statement on non-availability of the public services number issued by the authorised body;

(2) where the payer has mistakenly mentioned another person as a taxpayer in the payment order, as a result of which the tax liability of another person has been satisfied, the tax liability of the other person shall be considered to be satisfied and the sum shall not be returned to the taxpayer. Should this happen, the payer shall acquire the right to a civil and legal demand over the other person.

(Article 18 amended by HO-68-N of 25 June 2019, supplemented, amended by HO-101-N of 1 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 18.1. Support programmes for tax administration

1. For the purpose of introducing public control mechanisms for support to tax administration, the Government may define support programmes for tax administration, the procedure and time limits for their implementation.

(Article 18.1 supplemented by HO-376-N of 24 October 2024)

(Law HO-376-N of 24 October 2024 has a transitional provision)

Article 19. Tax benefits

1. The following types of tax benefits can be prescribed by the Code or the laws of the Republic of Armenia:

(1) exemption from taxes;

(2) reduction of the taxable object;

(3) reduction of tax base;

(4) reduction of tax rate;

(5) reduction of tax;

(6) deferral of tax payment;

(7) exemption from, reduction of fines and penalties prescribed by the Code calculated for the violation of the provisions of the Code, as well as deferral of payment thereof.

2. The types of tax benefits prescribed by part 1 of this Article shall be applicable also to the payment for the use of natural resources.

3. Tax benefits shall be prescribed solely by the Code or the laws of the Republic of Armenia, except for the case prescribed by part 3.1 of this Article.

3.1. The Government may prescribe reduction of tax and tax base in the manner, amount and for the time period prescribed by the Government due to force majeure — that is as a consequence of emergency and unpreventable circumstances in given conditions.

4. The taxpayer may submit to the tax authority a statement in the form approved by the tax authority and waive the right to tax benefits Should the statement prescribed by this part be submitted:

(1) the tax benefit shall terminate with regard to the taxable object formed following the day of submitting the statement;

(2) transactions, operations performed following the day of submitting the statement shall — for the purposes of the Code — be considered to be transactions, operations subject to taxation;

(3) the taxpayer may not withdraw the statement on waiving the right to tax benefit prior to the end of the tax year following the tax year including the day of submitting the statement;

(4) tax benefit which has not been used by the taxpayer shall not be transferred to next reporting periods for the purpose of reducing future tax liabilities;

(5) waiving the right to tax benefits shall not free the taxpayer from application against him or her of the sanctions prescribed for violation of provisions of legal acts regulating tax relations.

5. For organisations and individual entrepreneurs operating in special taxation systems, for the relations regulated by the Section of the Code on special taxation systems, the tax benefits with regard to VAT and profit tax prescribed by the Code shall be suspended, except for tax benefits prescribed with regard to VAT for operations of import of goods to the Republic of Armenia.

6. ***(part repealed by HO-383-N of 10 December 2021)***

7. The procedure for application of tax benefits provided for by the international agreements ratified by the Republic of Armenia shall be established by the Government.

(Article 19 supplemented by HO-266-N of 21 December 2017, amended by HO-383-N of 10 December 2021, supplemented by HO-517-N of 7 December 2022, by HO-375-N of 22 November 2023, amended by HO-285-N of 12 June 2024)

(Law HO-383-N of 10 December 2021 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 20. Exclusion of Double Taxation

1. Profit taxable objects and income tax received or to be received outside the Republic of Armenia by resident organisations of the Republic of Armenia and resident natural persons of the Republic of Armenia shall be included in the taxable object under the relevant tax type of these organisations and natural persons and shall be subject to taxation in the Republic of Armenia as prescribed by the Code, unless otherwise prescribed by the Code.

2. For the purpose of taxation of resident organisations of the Republic of Armenia and resident natural persons of the Republic of Armenia, the tax amounts calculated for taxable objects determined as prescribed by part 1 of this Article shall be reduced in the amount of the sums of the relevant taxes which have been collected in foreign states in accordance with the legislation of those states.

3. Amounts of taxes shall be reduced as prescribed by part 2 of this Article in amounts not exceeding the amounts of the relevant taxes calculated for taxable objects formed in foreign states in the manner and at the rates prescribed by the Code.

4. Where the amount of the profit tax or the income tax subject to reduction in accordance with part 3 of this Article exceeds the profit tax or the income tax liability respectively for the given reporting year, the amounts of taxes in excess shall — with regard to the relevant tax type — be subject to reduction from the liabilities of the following reporting years of the organisation or the natural person.

SECTION 2

TAXPAYERS (TAX AGENTS) AND TAX AUTHORITY

(Title amended by HO-261-N of 23 March 2018)

CHAPTER 4

ORGANISATIONS AND NATURAL PERSONS

Article 21. Organisation

1. For the purposes of the Code, organisations shall include:

(1) the Republic of Armenia represented by state authorities communities of the Republic of Armenia represented by the community administration institutions, the Central Bank of the Republic of Armenia, legal persons having obtained state registration in the Republic of Armenia, institutions record-registered in the Republic of Armenia;

(2) organisations registered in a foreign state;

(3) international organisations;

(4) permanent establishments prescribed by Article 27 of the Code, irrespective of the fact of being record-registered with the tax authority as a taxpayer in the manner prescribed by Chapter 58 of the Code;

(5) investment funds.

(Article 21 amended by HO-261-N of 23 March 2018)

Article 22. Resident and non-resident organisations of the Republic of Armenia

1. A resident organisation of the Republic of Armenia (hereinafter referred to as “resident

organisation”) shall mean the organisation which is located in the Republic of Armenia.

2. A non-resident organisation of the Republic of Armenia (hereinafter referred to as “non-resident organisation”) shall mean the organisation which — pursuant to part 1 of this Article — is not considered a resident organisation.

Article 23. Location of the organisation

1. Location of an organisation shall mean the place of state registration of the organisation (in case of an institution, the place of state record-registration).

2. Location of the investment fund registered as prescribed by the legislation of the Republic of Armenia shall mean the location of the manager of the fund.

Article 24. Natural person

1. For the purposes of the Code, natural persons shall include:

(1) citizens of the Republic of Armenia;

(2) foreign citizens;

(3) stateless persons.

2. For the purposes of the Code, natural persons shall include also:

(1) individual entrepreneurs;

(2) notaries.

3. For the purposes of the Code, a dual citizen of the Republic of Armenia shall be recognised only as a citizen of the Republic of Armenia.

Article 25. Resident and non-resident natural persons of the Republic of Armenia

1. Resident natural persons of the Republic of Armenia (hereinafter referred to as “resident natural persons”) shall mean the natural persons whose actual presence in the Republic of Armenia extends for 183 or more days.

2. For the purposes of this Article, full days of actual presence in the Republic of Armenia shall include also the day of arrival in the Republic of Armenia and the day of departure from the Republic of Armenia, irrespective the number of hours of actual stay of the natural person in the Republic of Armenia.

3. Resident natural persons shall also include:

(1) natural persons the centre of vital interests whereof is located in the Republic of Armenia. For the purposes of this point, the centre of vital interests shall be the place wherein the person’s family and economic interests are concentrated. In particular, the centre of vital interests of a natural person shall be considered to be located in the Republic of Armenia where his or her house or apartment, family, the principal place of professional or other activities is located in the Republic of Armenia;

(2) natural persons engaged in state service in the Republic of Armenia and temporarily working outside the territory of the Republic of Armenia.

4. Non-resident natural persons of the Republic of Armenia (hereinafter referred to as “non-resident natural persons”) shall mean the natural persons who — pursuant to parts 1 and 3 of this Article — are not resident natural persons.

5. For the purposes of the Code, where the natural person — pursuant to parts 1 and/or 3 of this Article — is considered to be a resident as of one of the days of the tax year, this natural person shall be considered to be a resident for the whole tax year.

Article 26. Place of residence of the natural person

1. For the purposes of the Code, the place of residence of a natural person shall be the place where the natural person is record-registered as prescribed by the legislation (including, as an individual entrepreneur or a notary) and in case of absence of a place of record-registration, the place of residence of a natural person shall be the actual place of residence of the natural person.

Article 27. Permanent establishment of a non-resident organisation or a non-

resident natural person

1. Permanent establishment of a non-resident organisation or of a non-resident natural person in the Republic of Armenia (hereinafter referred to as “the permanent establishment”) shall be one of the places of business in the Republic of Armenia mentioned in this part, record-registered with the tax authority as a taxpayer as prescribed by Chapter 58 of the Code through which the non-resident organisation or the non-resident natural person conducts entrepreneurial activity, irrespective of the period of performance of the activity, except for the case prescribed by part 3 of this Article:

(1) any place of production, processing, consolidation, re-packaging, packaging and/or supply of goods;

(2) any place of management;

(3) any place of geological investigation of the subsurface, exploration, preparatory works for extraction of mineral resources and/or extraction of mineral resources and/or performance of works, provision of supervision and/or monitoring services over exploration and/or extraction of mineral resources;

(4) any place of conduct of the activity related to the installation, adaptation and exploitation of gaming machines, computer networks and communication channels, amusement rides, as well as related to transport or other infrastructure;

(5) place of sale of goods in the territory of the Republic of Armenia, unless otherwise prescribed by part 3 of this Article;

(6) any place of performance of construction activities and/or construction and installation works, as well as of provision of supervision services over performance of these works;

(7) location of the representative office or the branch office, except for the representative office which exclusively performs the activity prescribed by part 4 of this Article;

(8) location of an organisation or a natural person carrying out brokerage activities in the Republic of Armenia on behalf of a non-resident organisation or a non resident natural person in accordance with the Law of the Republic of Armenia “On insurance and insurance activities”;

(9) according to Chapter 5 of the Code or pursuant to legislation of a foreign state, location of the reporting participant of the joint activity performed within the framework of the contract on joint activity concluded with a non-resident organisation or a non-resident natural person where this joint activity is carried out in the territory of the Republic of Armenia.

2. In the case of performance of works and/or provision of services in the territory of the Republic of Armenia not mentioned in part 1 of this Article a permanent establishment shall be the place where the works are performed and/or the services are provided by employees and/or other staff hired by a non-resident organisation or a non-resident natural person where such activities are carried out in the territory of the Republic of Armenia for at least 183 calendar days in a tax year, starting from the day of commencement of the entrepreneurial activity within the framework of one or more related projects.

For the purposes of this Article, related projects shall be those the contracts on which are considered to be interconnected or interdependent.

Related contracts shall mean the contracts which meet all of the following conditions:

(1) under these contracts, the same works are performed for the same tax agent or an organisation or a natural person related thereto or the same services are provided to the same tax agent or an organisation or a natural person related thereto by a non-resident organisation or a non-resident natural person or by an organisation or a natural person related thereto;

(2) the period between the day of completion of performance of works and/or provision of services prescribed by one contract and the day of entering the other contract does not exceed the uninterrupted period of twelve months.

Interdependent contracts shall mean the contracts which have been concluded between a non-resident organisation or a non-resident natural person or an organisation or a natural person related thereto and the tax agent or an organisation or a natural person related thereto in which case non-performance of obligations by the non-resident organisation or the non-resident natural person or the organisation or the natural person related thereto shall affect the implementation of other contracts by given non-resident organisation or non-resident natural person or the organisation or the natural person related thereto.

3. In case of sale of goods at exhibitions and fairs organised in the territory of the Republic of Armenia, a non-resident organisation or a non-resident natural person shall create a permanent establishment in the Republic of Armenia if the activity is carried out for more than thirty days.

4. Performance of preparatory and/or support activities carried out by a non-resident organisation or a non-resident natural person in the territory of the Republic of Armenia other than the principal activities of a non-resident organisation or a non-resident natural person shall not lead to creation of a permanent establishment if the activities are carried out for a period of less than three years. Moreover, preparatory and/or support activities must be carried out directly for the given non-

resident organisation or the non-resident natural person and not for another organisation or a natural person. Preparatory and/or support activities shall include:

(1) utilisation of any place located in the Republic of Armenia exclusively for the storage and/or exhibition of the goods belonging to the non-resident organisation or the non-resident natural person;

(2) only purchase of goods at the permanent place of activity which does not involve their sale;

(3) only collection, processing and/or dissemination of information, advertisement or research of the market for goods, works and services at the permanent place of activity which shall be carried out by the non-resident if this activity does not constitute the principal activity carried out by this non-resident.

5. Notwithstanding the provisions of parts 1 and 2 of this Article, where a non-resident organisation or a non-resident natural person carries out entrepreneurial activity in the territory of the Republic of Armenia through the organisation or the natural person considered to be a dependent agent, it shall be then considered that the non-resident organisation or the non-resident natural person has a permanent establishment in the territory of the Republic of Armenia with regard to any activity which the dependent agent carries out for that non-resident organisation or non-resident natural person. For the purposes of this Article, a dependent agent shall be the organisation or the natural person who meets all of the following conditions:

(1) it is authorised — based on the contractual arrangements — to represent the interests of the non-resident organisation or the non-resident natural person in the Republic of Armenia, act on behalf and at the expense of the non-resident organisation or the non-resident natural person, act and/or carry out certain legal actions;

(2) the activity mentioned in point 1 of this part is not carried out within the scope of the activity of customs representative, specialised participant in securities market and other brokerage activities (except for insurance broker’s activity);

(3) its activity is not limited by the types of activities prescribed by part 4 of this Article.

6. Unless otherwise prescribed by part 7 of this Article, a non-resident organisation or a non-resident natural person which renders services of providing foreign labour force to an organisation or a natural person carrying out its activity in the territory of the Republic of Armenia, including to a non-resident organisation or a non-resident natural person conducting activities through the permanent establishment, no permanent establishment shall be created in the territory of the Republic of Armenia with regard to these services where:

(1) the labour force acts on behalf and in the interests of the organisation or the natural person carrying out its activity in the territory of the Republic of Armenia;

(2) the non-resident organisation or the non-resident natural person rendering services of providing foreign labour force does not bear responsibility for the results of the work performed by the labour force.

7. Where the activity carried out by a non-resident organisation or a non-resident natural person in the Republic of Armenia has the characteristics of a permanent establishment prescribed by this Article, that non-resident organisation or non-resident natural person shall be record-registered with the tax authority as a taxpayer as prescribed by Chapter 58 of the Code. Where the activity carried out by the non-resident organisation or the non-resident natural person leads to formation of two or more permanent establishments which — pursuant to this Article and Chapter 58 of the Code — must be record-registered with the tax authority, only one of the permanent establishments shall be subject to record-registration. The non-resident organisation or the non-resident natural person may — as a taxpayer and as prescribed by Chapter 58 of the Code — be record-registered with the tax authority also in the cases where the activity carried out thereby in the Republic of Armenia is not yet characterised as a permanent as establishment prescribed by this Article.

8. Where the activity carried out by a non-resident organisation or a non-resident natural person in the Republic of Armenia is characterised as a permanent establishment as prescribed by this Article but that non-resident organisation or the non-resident natural person has not been record-registered with the tax authority as a taxpayer as prescribed by Chapter 58 of the Code, the tax and fees calculation and payment regulations that are applicable with regard to a non-resident organisation having no permanent establishment or a non-resident natural person having no permanent establishment shall be applicable with regard to that non-resident organisation or the non-resident natural person.

9. Where a non-resident organisation or a non-resident natural person carries out an activity within the framework of a contract on joint activity in the territory of the Republic of Armenia, the activity of each of the parties to that contract shall lead to the formation of a permanent establishment in accordance with the provisions of this Article.

10. For the purposes of this Article, the start of performance of the activity of a non-resident organisation or a non-resident natural person in the territory of the Republic of Armenia shall be considered:

(1) the day of occurrence of any of the following:

a. conclusion of the contract on supply of goods, performance of works and/or provision of services in the territory of the Republic of Armenia;

b. obtaining a permit to perform actions on their behalf in the territory of the Republic of Armenia;

c. procurement of goods in the territory of the Republic of Armenia or import of goods into the territory of the Republic of Armenia for the purpose of sales;

d. supply of goods, performance of works and provision of services in the territory of the Republic of Armenia within the scope of the contract on joint venture;

e. procurement of works, services for the purpose of performing works and providing services in the territory of the Republic of Armenia;

(2) the day of conclusion of the first employment or civil and legal contract with the natural person in the territory of the Republic of Armenia or the day of arrival of the employee in the Republic of Armenia for the purpose of fulfilment of the conditions specified in the contracts prescribed by point 1 of this part. Moreover, the day of commencement of performance of the activity by the non-resident organisation or the non-resident natural person in the territory of the Republic of Armenia cannot be earlier than any of time limits prescribed by sub-points (a)-(e) of point 1 of this part;

(3) the day of entry into force of the document confirming the right of the non-resident organisation or the non-resident natural person to perform the types of activity specified in points 3 and 4 of part 1 of this Article.

Upon presence of some of the conditions prescribed by this Article, the day of commencement of performance of the activity within the territory of the Republic of Armenia shall be the earliest time limit specified in this Article.

(Article 27 supplemented and amended by HO-266-N of 21 December 2017)

Article 28. Official of the taxpayer (tax agent)

1. For the purposes of the Code, an official of a taxpayer (tax agent) shall be the natural person who — by virtue of law or upon the authorisation issued by a taxpayer (tax agent) in the form prescribed by the tax authority — is authorised to represent the taxpayer (tax agent) in the tax authority, except for cases prescribed by this Article.

2. The investment fund manager shall act on behalf of that investment fund in all relations related to the fund’s activities as a taxpayer (except for the pension fund).

3. Persons holding state or community positions prescribed by the Law of the Republic of Armenia “On public service” cannot act as officials of the taxpayer.

Article 29. Tax agent

1. Tax agent shall be the organisation, individual entrepreneur or notary, record-registered as taxpayer in the tax authority as prescribed by Chapter 58 of the Code, making income fees (disbursements or in-kind provision) to the taxpayers which — in accordance with the Code — shall be obliged to calculate, withhold (collect) and pay to budget of the Republic of Armenia the taxes or fees from the income of the taxpayers while making income fees (disbursements or in-kind provision) to them. For the purposes of this part, income fees (disbursements or in-kind provision) from the tax agent to the taxpayer shall include also:

(1) income payment (disbursement or in-kind provision) made by the tax agent to the person specified by the taxpayer who receives income;

(2) income payment (disbursement or in-kind provision) made by a person specified by the tax agent to the taxpayer who receives income.

2. Where pursuant to the international agreement ratified by the Republic of Armenia, the organisation is exempt from the obligation to calculate, withhold (collect) and pay to budget of the Republic of Armenia the taxes or fees from the income of the taxpayers, while making income fees (disbursements or in-kind provision) to them, this organisation can submit to the tax authority a statement in the form prescribed by the tax authority and act as a tax agent on a voluntary basis. In this case the calculation, withholding (collection) of the tax and payment thereof to the budget of the Republic of Armenia by the tax agent for the first time shall be carried out for the relevant reporting period including the day of submitting the statement.

3. For failure to perform or improper performance of their obligations, tax agents shall be held liable as prescribed by the Code.

(Article 29 supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 30. Related organisations and/or natural persons

1. For the purposes of the Code, organisations and/or natural persons shall be considered to be related where:

(1) 20 per cent and more of the equity shares (stock, share) of the authorised (share) capital of the resident commercial organisation belongs to another resident commercial organisation, an individual entrepreneur or a notary;

(2) 20 per cent and more of the equity shares (stock, share) of the authorised (share) capital of the resident commercial organisation belongs to the natural person who is not an individual entrepreneur and to whom also belongs 20 per cent and more of the equity shares (stock, share) of the authorised (share) capital of another resident commercial organisation.

2. Irrespective of the presence of the conditions specified in part 1 of this Article, organisations and/or natural persons shall be considered to be related where according to the information received from a third person (including from a state body) as defined in Chapter 70 of the Code or obtained as a result of operational and intelligence activities, organisations and/or natural persons — on grounds of acting in consent for common economic interests — are recognised as related upon the decision of the head of the tax authority as prescribed by the tax authority. For the purposes of this part, when recognising taxpayers as related, the following circumstances, in particular, shall be taken into account:

(1) volume and frequency of transactions carried out between them;

(2) sale prices and trade mark-ups of the goods purchased from one another;

(3) share in any commodity market.

3. For the purposes of transfer price formation rules prescribed by Chapter 73 of the Code, additional regulations for recognising organisations and natural persons as related shall be prescribed by that Chapter.

CHAPTER 5

PARTICIPANTS OF JOINT ACTIVITY

Article 31. Contract on joint activity

1. Organisations and individual entrepreneurs shall be entitled to carry out joint activity without establishing a new legal entity within the framework of the contract on joint activity prescribed by the Civil Code of the Republic of Armenia.

Article 32. Participants of joint activity and the reporting participant

1. The obligation of calculating and paying the taxes with regard to the joint activity (except for the income tax and profit tax, environmental tax and local taxes withheld by the tax agent), fees (except for the payment for the use of natural resources, social payment and local fees), advance fees shall be performed by the reporting participant of the joint activity.

2. Crediting of taxes in cases and in the manner prescribed by the Code with regard to the joint activity shall be made to the single account of the reporting participant or the single account for administrative acts.

3. Reporting participant of a joint activity shall mean the participant of the joint activity which has the characteristics specified in this part, according to priority:

(1) it is considered to be a resident organisation or an individual entrepreneur producing and/or importing goods subject to taxation under excise tax. Where there are more than one resident organisations or individual entrepreneurs among the participants of the joint activity which produce and/or import goods subject to taxation under excise tax, the resident organisation or the individual entrepreneur having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(2) it is considered to be a resident organisation or an individual entrepreneur producing and/or importing goods subject to stamping. Where there are more than one resident organisations or individual entrepreneurs among the participants of the joint activity which produce and/or import goods subject to compulsory stamping, the resident organisation or the individual entrepreneur having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(3) it is considered to be a resident organisation or an individual entrepreneur and has a notice or permit to engage in any of the types of activities carried out within the framework of the joint activity.

Where there are more than one resident organisations or individual entrepreneurs among the participants of the joint activity which have a notice or permit to engage in any of the types of activities carried out within the framework of the joint activity, the resident organisation or the individual entrepreneur having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(4) it is considered to be a resident organisation paying a value added tax. Where there are more than one resident organisations among the participants of the joint activity which are payers of a value added tax, the resident organisation considered to be a value added tax payer and having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(5) it is considered to be a resident individual entrepreneur paying a value added tax. Where there are more than one resident individual entrepreneurs among the participants of the joint activity which are payers of a value added tax, the resident individual entrepreneur considered to be a value added tax payer and having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(6) it is considered to be a resident organisation. Where there are more than one resident organisations among the participants of the joint activity, the resident organisation having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity;

(7) it is considered to be a resident individual entrepreneur. Where there is more than one resident individual entrepreneur among the participants of the joint activity, the resident individual entrepreneur having the largest investment in the joint activity at the time of concluding the contract on joint activity shall be considered to be the reporting participant of the joint activity.

4. In cases prescribed by points 1-7 of part 3 of this Article, where at the time of concluding the contract on joint activity there are more than one participants having the largest investment in the joint activity among the participants of the joint activity (in case of two participants — two participants having equal investment), the reporting participant of the joint activity shall be determined by participants based on mutual consent.

5. In case of alterations in the composition of the participants of a joint activity and/or changes in the investments made by the participants of the joint activity in the course of the joint activity, the reporting participant of the joint activity shall not change, except for cases prescribed by part 8 of this Article.

6. An organisation or an individual entrepreneur may be a reporting participant of the joint activity only under one contract on joint activity.

7. The reporting participant of the joint activity shall — prior to the performance of the first transaction within the framework of the joint activity — be obliged to submit to the tax authority a statement in the form prescribed by the tax authority on acting as the reporting participant of the joint activity (with a note on the consent of other participants of the joint activity), by enclosing a copy of the contract on joint activity. Upon receipt of the statement mentioned in this part, the tax authority shall, within five working days, find out whether the conditions prescribed by parts 3 and 4 of this Article for acting as the reporting participant of the joint activity are met and accordingly accept the statement or send it back to the person submitting it, stating in writing the grounds for rejecting the acceptance of the statement. Where the tax authority accepts the statement, the question of admission of the statement cannot be further reconsidered, even if it becomes clear that one of the conditions prescribed by parts 3 and 4 of this Article has not been met. Where the statement is not returned to the person having submitted it within five working days upon receipt of the statement by the tax authority, the statement shall be considered to be accepted by the tax authority from the day following the receipt thereof.

8. Where the reporting participant of the joint activity ceases to be considered to be a party to the joint activity, a new reporting participant of the joint activity shall be elected in accordance with this Article, and a relevant statement with regard to this shall be submitted to the tax authority within five working days following the election in accordance with part 7 of this Article, by enclosing a copy of the contract on joint activity. Upon receipt of the statement mentioned in this part, the tax authority shall, within five working days, find out whether the conditions prescribed by parts 3 and 4 of this Article for acting as the reporting participant of the joint activity are met and accordingly accept the statement or send it back to the person having submitted it, by stating in writing the grounds for rejecting the acceptance of the statement. Should the tax authority accept the statement, the question of admission of the statement cannot be further reconsidered, even if it becomes clear that one of the conditions prescribed by parts 3 and 4 of this Article has not been met. Where the statement is not returned to the person having submitted it within five working days upon receipt of the statement by the tax authority, the statement shall be considered to be accepted by the tax authority from the day following the receipt thereof.

9. In case of termination of the contract on joint activity as prescribed by the legislation, the reporting participant of the joint activity shall be obliged to, within five working days, submit to the tax authority a statement in the form prescribed by the tax authority.

(Article 32 amended by HO-68-N of 25 June 2019, supplemented by HO-101-N of 1 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

CHAPTER 6

OBLIGATIONS AND RIGHTS OF TAXPAYERS (TAX AGENTS) AND THEIR OFFICIALS

Article 33. Obligations of taxpayers (tax agents) and their officials

1. A taxpayer (tax agent) and the official thereof shall be obliged to:

(1) unless otherwise prescribed by the Code, calculate independently and discharge tax liabilities in the manner and terms prescribed by the Code and the laws of the Republic of Armenia on fees, making also advance fees of taxes and/or fees in the cases and manner prescribed by the Code and the laws of the Republic of Armenia on fees;

(2) keep records prescribed by the Code and the laws of the Republic of Armenia on fees, and in cases prescribed by legislation, also maintain accounting;

(3) submit tax calculation reports to the tax authority in the manner and within time limits prescribed by the Code and the laws of the Republic of Armenia on fees;

(4) submit documents confirming the right to tax benefits;

(5) ensure retention of documents necessary for the calculation of tax base and submission of tax calculation reports, documents substantiating the amount of income received or expenses incurred, paid (withheld) taxes for a period of not less than five years starting from the reporting period which these documents refer to;

(6) provide the Armenian translations of settlement documents enclosed with the forms filled in (drawn up in) languages different from Russian and English, without notarial certification;

(7) post a statement in the form prescribed by the tax authority in a visible place at every address of its activities (and on relevant posters — at the location and/or places of effective management and operative financial management), indicating the full name of the taxpayer (in case of an individual entrepreneur — the name, surname, father’s name of the natural person), the taxpayer identification number, the address of the given place of activity and the type(s) of activity carried out at the given address;

(8) ensure working conditions for the exercise of tax control, including by furnishing the officials exercising tax control with the documents, data and other information required for the calculation and payment of a tax or making a payment, the photocopies (the costs for making the photocopies shall be incurred at the expense of the tax authority) or copies thereof. In case of failure to provide the documents, data and other information provided for by this point, the mentioned documents, information and data may not be submitted in the appeals proceedings against an administrative act through the administrative or judicial procedure as favourable factual circumstances, and the taxpayer(tax agent) shall bear the risk of negative consequences determining the outcome of the case due to their absence, unless he or she presents sufficient justifications to the effect that he or she has objectively been deprived of the opportunity to submit the mentioned evidence during the administrative proceedings. In the case provided for by this point, where tax liabilities have been imposed as a result of tax control, then while disputing the mentioned liabilities through the administrative or judicial procedure the duty (burden) of proof in regard to liabilities imposed as a result of failure by the taxpayer to provide during administrative proceedings documents, information and data that evidence in favour of him or her, may not be put on the tax authority;

(9) furnish officials performing comprehensive tax inspection as prescribed by Section 17 of the Code with a copy of the accounting records file created with a computer programme on electronic carrier (for the period included in the instruction on conducting an inspection) upon their written request;

(10) not to interfere with the performance of official duties by officials exercising tax control, comply with their lawful demands;

(11) appoint (authorise) officials substituting them to perform their duties during their absence;

(12) in case of disagreement on the contents of the acts, protocols and their drafts, statements and administrative acts drawn up as a result of tax control and refusal to sign them, make relevant notes in the mentioned documents;

(13) after being granted state registration (record-registration) and until the last day (inclusive) of submitting tax calculation reports, provided for by the Code, for the first reporting period, submit to the tax authority, and in case a mandatory requirement to submit the mentioned documents through

electronic means is envisaged by the Code and in the event a contract on submitting tax calculation reports through electronic means has been concluded — complete in the section "My account" of the electronic management system of reports of the tax authority the electronic mail address whereto the notifications being made within the framework of administration carried out by the tax authority in cases prescribed by the Code shall be sent.

2. A taxpayer (tax agent) and the official thereof shall also have other obligations prescribed by the Code and the laws of the Republic of Armenia on fees.

(Article 33 amended by HO-266-N of 21 December 2017, supplemented by HO-338-N of 21 June 2018, amended by HO-80-N of 3 March 2021, supplemented by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 34. Rights of taxpayers (tax agents) and their officials

1. A taxpayer (tax agent) and the official thereof shall be entitled to:

(1) apply to the tax authority as prescribed by the Code in order to receive clarification concerning the application of the provisions of legal acts regulating tax relations;

(2) represent — independently or through their authorised representative — their interests at the tax authority;

(3) enjoy the tax benefits prescribed by the Code and the laws of the Republic of Armenia;

(4) apply to the tax authority in cases and manner prescribed by the Code in order to return the sums available on the single account or the single account for administrative acts;

(5) become familiar with the acts, protocols and their drafts, statements and administrative acts drawn up as a result of tax control;

(6) submit to the tax authority explanations and clarifications on the results of calculation and payment of taxes and making fees, as well as on the results of tax control;

(7) prohibit exercise of tax control by the tax authority, not to provide documents or explanations to the officials of the tax authority if the officials exercising tax control have violated the provisions of point 12 of part 1 of Article 35 and/or point 13 of part 1 of Article 36 of the Code and/or the tax authority has violated the provisions of Articles 337-339 and/or Article 341 of the Code, by submitting a written notice to the head of the tax authority within three working days;

(8) not to comply with the demands irrelevant to the powers of the officials of the tax authority, as well as to the objectives and issues of tax control;

(9) in any stage of tax control, engage specialists, experts, auditors and/or lawyers;

(10) appeal — as prescribed by the Code and the legislation — the decisions, actions or inaction of the officials of the tax authority;

(11) claim compensation for the damages inflicted on them as a result of unlawful decisions adopted by the tax authority and the officials of the tax authority, their actions or inaction in accordance with the legislation of Republic of Armenia;

(12) apply, in cases prescribed by the Code, in order to collect a certificate of a law-abiding taxpayer.

2. A taxpayer (tax agent) and the official thereof shall also have other rights prescribed by the Code and the laws of the Republic of Armenia on fees.

(Article 34 supplemented by HO-190-N of 5 May 2021, HO-101-N of 1 March 2023)

(Law HO-190-N *of 5 May 2021 has a tr ansitional provision*)

(Law HO-101-N of 1 March 2023 has a transitional provision)

CHAPTER 7

OBLIGATIONS AND POWERS OF THE TAX AUTHORITY (OFFICIAL EXERCISING TAX CONTROL)

Article 35. Obligations of the tax authority (official exercising tax control)

1. Tax authority (official exercising tax control) shall:

(1) observe the legislation of the Republic of Armenia, the rights and lawful interests of taxpayers

(tax agents);

(2) conduct record-registration of taxpayers;

(3) conduct awareness-raising and explanatory works on the application of the provisions of the legal acts regulating tax relations and amendments thereto, inform taxpayers (tax agents) about taxes and fees;

(4) give relevant clarifications in the prescribed manner to the written, oral or electronic questions submitted to the tax authority by taxpayers (tax agents);

(5) return to the taxpayer (tax agent) — in cases, manner and terms prescribed by the Code — the sums available on the single account or the single account for administrative acts;

(6) upon request of a taxpayer (tax agent) furnish a statement — in the manner and form prescribed by the tax authority — on the state taxes paid and state fees made in the Republic of Armenia (including in English and Russian if the taxpayer so requests);

(7) exercise control over observance of the requirements of the legal acts regulating tax relations;

(8) carry out investigation in the manner prescribed by law when detecting violations of the legal acts regulating tax relations with implication of an element of crime;

(9) keep the tax secret, provide — in cases prescribed by law and as prescribed by the Government of the Republic of Armenia — information considered to be a tax secret to the state bodies having the competence to perform works using this information;

(10) consider the appeal lodged by the taxpayer against the actions (inaction) of the tax authority or the tax officer in the manner and terms prescribed by the Code and properly notify the taxpayer of the taken decision;

(11) carry out internal investigation of the violations by tax officers;

(12) while exercising tax control:

a. comply with the requirements of the Code and the laws of the Republic of Armenia;

b. not to step beyond the scope of the objectives and issues specified in the letter of instruction for tax control;

c. introduce taxpayers (tax agent) and their officials to their rights and obligations;

d. not to interfere with the ordinary course of activity of the taxpayer (tax agent);

e. send — within three working days — a written response to any letter of enquiry of the taxpayer (tax agent) or the official thereof directly concerning tax control and the period subject to tax control, except for official clarifications on the provisions of the legal acts regulating tax relations;

(13) upon the application of a taxpayer and in case of meeting by the latter the criteria prescribed by the procedure approved by the Government — issue a certificate of a law-abiding taxpayer or refuse to issue a certificate of a law-abiding taxpayer.

2. Tax authority (official exercising tax control) shall also have other obligations prescribed by the Code and the laws of the Republic of Armenia on fees.

(Article 35 amended by HO-88-N of 19 June 2019, supplemented by HO-190-N of 5 May 2021, HO-101-N of 1 March 2023)

(Law HO-190-N of 5 May 2021 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 36. Powers of the tax authority (official exercising tax control)

1. Tax authority (official exercising tax control) shall be authorised to:

(1) exercise tax control of taxpayers (tax agents) in the manner prescribed by Section 17 of the Code over observance of the requirements of the legislation which reserves powers to the tax authority as defined in the referred Section;

(2) independently calculate, re-calculate, adjust tax liabilities of the taxpayer (tax agent) in cases and in the manner prescribed by the Code;

(3) within the powers reserved to the tax authority by legislation exercise tax control, as prescribed by the Code, among the taxpayers carrying out activity subject to licensing or notification or permission without a licence or a notification or a permit (including for the utilisation of subsurface or natural resources) prescribed by law;

(4) take measurements, conduct inventory taking, test purchases as prescribed by the Code;

(4.1) carry out monitoring of the transactions of the taxpayer, other sector-specific analysis of the activity and notify the taxpayers through notifications on reduction of risks assessed on the basis thereof;

(5) keep, bear, use arms and ammunition through tax officers as prescribed by law;

(6) carry out operational and intelligence measures as prescribed by law upon existence of any information on tax offences pending, in progress or committed, as well as other facts and circumstances indicative of commitment of a tax crime;

(7) guided by operational need, use the vehicles and means of communication of organisations and natural persons, by reimbursing the expenses as prescribed by legislation;

(8) submit petitions to the authorised bodies on withdrawing or suspending the operation of licences or notifications or permits issued to organisations and natural persons;

(9) for the purpose of taking relevant measures, submit proposals to other state bodies performing inspection with regard to the abusive practices and other violations revealed while exercising tax control which entail administrative or criminal liability;

(10) file a claim with the court, act as a plaintiff or a defendant in court, issue powers of attorney for managing the case in court;

(11) for the purpose of satisfying tax liabilities, put a lien on the property of the taxpayer (tax agent) in cases and manner prescribed by the Code;

(12) provide clarifications on the application of the provisions of the legal acts regulating tax relations;

(13) while exercising tax control:

a. require only documents, data, explanations, statements, calculation reports and other information which are directly related to the objectives and issues of the tax control exercised within the scope of their competence;

b. in cases prescribed by the Code and in the manner prescribed by the Government, receive or seize documents (including in the form of originals, copies or photocopies), items (copy of the documents containing information on the given tax inspection in a physical media) or samples which are directly related to the objectives and issues of tax control. Immediately upon withdrawal of the request but no later than three years following the taking of the documents they shall be returned to the taxpayer;

c. have unfettered access to office, commercial, production, storage, archive premises and other premises and constructions used for the activities of the taxpayer in the presence of the representative of the taxpayer undergoing tax control; seal these premises and constructions when conducting inventory taking, taking measurements, and in other cases prescribed by the Code, seal cash registers, car bodies, car trunks, tanks, inspect the premises and constructions mentioned in this point, as well as of vehicles, documents and items;

d. when required, engage specialists of the taxpayer (tax agent) in tax control with the consent of a taxpayer (tax agent) or the official thereof;

e. exclusively within the scope of the objectives and issues of tax control, require from a taxpayer (tax agent) or the official thereof to conduct recognition of assets and liabilities, by also engaging relevant employees and specialists of the taxpayer (tax agent);

f. engage specialists, experts and translators as prescribed by the Code;

g. require eliminating the revealed violations of the legal acts regulating tax relations as prescribed by the Code;

h. carry out video recording.

2. Tax authority (officials exercising tax control) shall also have other powers prescribed by the Code and the laws of the Republic of Armenia on fees.

(Article 36 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-68-N of 25 June 2019, amended, supplemented by HO-95-N of 28 February 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 36.1. Notifying on documents subject to mandatory notification

(the Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 April 2025)

(Law HO-104-N of 28 February 2024 has a transitional provision)

SECTION 3

TAX LIABILITIES, REPORTING SYSTEM AND SETTLEMENT DOCUMENTS

CHAPTER 8

TAX LIABILITYAND SETTLEMENT THEREOF

Article 37. Place of supply of goods

1. Place of supply of goods shall be the Republic of Armenia, where:

(1) at the time of supply it is located in the territory of the Republic of Armenia or the goods are exported from the Republic of Armenia;

(2) at the time of completion of the transportation (delivery) of goods by the non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia and operating electronic trading platform within the scope of electronic trading are delivered to a natural person who is not an individual entrepreneur or a notary in the territory of the Republic of Armenia.

2. Where the Republic of Armenia — in accordance with part 1 of this Article — is not considered to be the place of supply of goods, the place of supply of goods shall be considered to be outside the Republic of Armenia.

(Article 37 edited by HO-595-N of 23 December 2022)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 38. Time of supply of goods

1. Unless otherwise prescribed by the Code or this Article, the time of supply of goods shall be the earliest point in time referred to in this part:

(1) the time when the goods are delivered to another person, except for cases where the right of ownership of goods — in accordance with the contract on supply of goods — is transferred to another person at other time which shall be considered to be the time of supply of goods, or

(2) the time when the delivered goods are received by another person, except for cases where the right of ownership of goods — in accordance with the contract on supply of goods — is transferred to another person at other time which shall be considered to be the time of supply of goods.

2. Where the right of ownership of goods is subject to state registration, the time of supply of these goods shall be the time of state registration of the right of ownership of the goods.

3. Where the contract on leasing (types thereof) provides that the right of ownership over the object of leasing may be transferred to the lessee upon expiration of the given contract or prior to its expiration, the time of supply of goods being the object of leasing shall be the last day of every month, in the amount equal to the value of the object of leasing subject to receipt during the given month, unless otherwise provided for by the second paragraph of this part. Where, under the contract on leasing (types thereof), the object of lease has been transferred to the lessee by the right of ownership prior to the last day of the month, the time of supply of goods being the object of lease shall be the time of transferring the object of lease to the lessee by the right of ownership in the amount equal to the value of the object of lease subject to receipt during the month of transferring the object of lease to the lessee by the right of ownership, unless otherwise provided for by the second paragraph of this part.

In case of receiving advance payment which is the part of the value of the object of leasing prior the time of the delivery and acceptance of the object of leasing prescribed by the contract on leasing (types thereof), the right to receive an income shall be considered to be acquired at the time of delivery and acceptance of the object of leasing in the amount of the preliminary payment being the part of the value of the object of leasing received prior to that time.

4. Within the scope of electronic trade of goods, the time of supply of goods to a natural person who is not an individual entrepreneur or to a notary by a non-resident organisation or an individual entrepreneur of another EAEU state having no permanent establishment in the Republic of Armenia, registered with the tax authority as prescribed by part 9.2 of Article 288 of the Code, shall be the last day of the quarter which includes the day of payment for the supply of goods.

(Article 38 edited by HO-321-N of 18 June 2020, supplemented by HO-595-N of 23 December 2022)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 39. Place of performance of works and/or provision of services

1. The place of performance of works and/or provision of services, except for electronic services, shall be the Republic of Armenia where:

(1) the performed works and/or the provided services are directly related to the immovable property located or being built or to be built in the territory of the Republic of Armenia. The works and/or services specified in this point shall refer, in particular, to:

a. the works and services pertaining to preparation and performance of construction works (including investigation, planning, design, installation works, designer and technical supervision);

b. works and services related to repair, restoration and landscaping of immovable property;

c. works performed and services provided by real estate agents and experts (including services of real estate valuation);

d. services involving lease (including leasing (types thereof) or use of the immovable property;

(2) performed works and/or provided services are directly related to the movable property (including vehicle) located in the territory of the Republic of Armenia, except for lease of movable property (including leasing (types thereof) services or services involving use of movable property);

(3) services in the fields of culture, art, teaching (education), science, health, physical education, tourism, leisure and sport shall be actually provided in the territory of the Republic of Armenia;

(4) an organisation which — in accordance with Chapter 4 of the Code — is considered to be located in the Republic of Armenia or a natural person the place of residence whereof — in accordance with Chapter 4 of the Code — is considered to be the Republic of Armenia or a permanent establishment accepting these works or receiving these services (including in cases where the works are directly accepted or the services are directly received by a non-resident organisation or a non-resident natural person but they are actually used (consumed) by their permanent establishments):

a. services related to issuing patents, licences, notifications, permits, logos, trademarks, copyright and other similar services;

b. works, services pertaining to the development of programmes for electronic data processing machines and databases (computing technology software tools and information products), services pertaining to the adjustment and modification thereof;

c. consulting, legal, accounting, auditing, engineering, advertising, design, marketing services, information processing (including information collection and fusion) and transfer (transmission), scientific research and experimental development works, as well as other services similar to the services mentioned in this sub-point;

d. services pertaining to the provision of works as performed by the staff (employees) of the service provider where the staff performs these works at the place of business of the service receiver;

e. services involving lease (including leasing (types thereof) services or services involving use of the movable property) of movable property (except for services involving lease of vehicles (including leasing (types of leasing) services or services involving use of vehicles, the place of provision whereof shall be determined in the manner prescribed by point 6 of this part);

f. agent services pertaining to involvement of an organisation and/or a natural person performing works and/or providing services prescribed by this point to the customer;

(5) only transport services related to transportation of cargo and/or passengers which begin and end in the territory of the Republic of Armenia shall be provided by a non-resident organisation having no permanent establishment in the Republic of Armenia;

(6) in accordance with Chapter 4 of the Code, the organisation or the permanent establishment performing works and/or providing services shall be considered to be located or the place of residence of the natural person performing works and/or providing services shall be considered to be in the Republic of Armenia, unless otherwise prescribed by points 1-4 of this part and point 1 of part 2.

2. The place of performing the activities or providing services, except for electronic services, shall be considered to be a place outside the Republic of Armenia, if:

(1) the organisation the place of location of which — in accordance with Chapter 4 of the Code — is not considered to be the Republic of Armenia or a natural person the place of residence of whom — in accordance with Chapter 4 of the Code — is not considered to be the Republic of Armenia, accepts or receives works or services referred to in point 4 of part 1 of this Article (except for the cases when the works are directly accepted or the services are directly received by non-resident organisation or non-resident natural person, but their use (consumption) is factually carried out by their permanent institution);

(2) the place of performance of works or provision of services — in accordance with part 1 and 2.1 of this Article — is not considered to be in the Republic of Armenia.

2.1. The place of providing electronic services shall be:

(1) the Republic of Armenia, where the receiver of the electronic service is the organisation the location whereof, pursuant to Chapter 4 of the Code, is deemed to be the Republic of Armenia, or the individual entrepreneur or the notary whose place of residence, pursuant to Chapter 4 of the Code, is deemed to be the Republic of Armenia;

(2) the Republic of Armenia, where the recipient of the electronic service is the permanent establishment (branch, representative office) of a non-resident organisation in the Republic of Armenia, including in the cases, where the direct recipient of the electronic services is the non-resident organisation, although the user (consumer) of such services is actually its permanent establishment (branch, representative office);

(3) the Republic of Armenia, where the recipient of the electronic service is a non-resident organisation, the permanent location (place of management) of the executive body whereof is in the Republic of Armenia and that organisation effectively carries out entrepreneurial activity and receives services in the Republic of Armenia;

(4) the given state, where the recipient of the electronic service is a natural person who is not an individual entrepreneur or a notary, provided that one of the following conditions is met:

a. the place of residence of the natural person who receives the electronic service is in the given state;

b. the location of the bank where the account is opened which is used by the natural person being the recipient of the electronic service for the purpose to pay for those services, or the location of the operator of the electronic money settlement system, through which the natural person being the recipient of the electronic service pays for the electronic services, is located in the territory of the given state;

c. the network address used by the natural person being the recipient of the electronic services is registered in the given state (refers to the area where the relevant address is);

d. the international country code of the telephone number used by the natural person for the purpose to receive the services or indicated when making payments for those services, is provided by the given state.

In the cases, where with respect to the electronic services provided to a natural person who is not an individual entrepreneur or a notary, the Republic of Armenia and other state are deemed to be the places where the service is provided pursuant to this point, the place of service shall be deemed to be the Republic of Armenia, where concurrently a larger number of conditions defined by sub-points “a”-“d” of this point are met in the Republic of Armenia than in another state, whereas in the case equal number of conditions defined by sub-points “a”-“d” of this point are concurrently met, the service provider shall determine the place of provision of electronic services independently.

3. Where several types of works are performed and/or several types of services are provided by an organisation or a natural person, and performance of one type of works or the provision of one type of services is considered to be complementary to the performance of other types of works and provision of other types of services, the place of performance of complementary works and provision of complementary services shall be the place of performance of principal works and provision of principal services.

4. For the purposes of the Code:

(1) characterisation of works or services, except for electronic services, shall be carried out in accordance with the classifier of types of economic activity applicable in the Republic of Armenia;

(2) a work or a service, except for electronic service, shall be considered similar to the work or the service mentioned in the relevant Article, part, point or sub-point of the Code where it is included in the class of classifier of types of economic activity applicable in the Republic of Armenia which includes the work or the service mentioned in the given Article, part, point or sub-point respectively.

(Article 39 amended and edited by HO-266-N of 21 December 2017, amended by HO-338-N of 21 June 2018, amended and edited by HO-68-N of 25 June 2019, amended by HO-321-N of 18 June 2020, amended, supplemented by HO-359-N of 17 November 2021, amended by HO-499-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 40. Time of performance of work and provision of service

1. Time of provision of public services and communal services shall be the last day of every month.

2. Time of provision of property for lease or leasing (types thereof) (unless where the contract provides that the right of ownership over the object of leasing — upon expiration of the contract or prior to its expiration — may pass on to the lessee or where the contract on leasing (types thereof) provides that the right of ownership over the object of leasing — upon expiration of the contract or prior to its expiration — may pass on to the lessee in the amounts of the interest subject to receipt by the contract on leasing (types thereof) or services involving use of property shall be the last day of the reporting period for each relevant tax type, and where the contract on provision of these services provides that provision of services shall be concluded before the last day of reporting period, the time of provision of services shall be the last day when services have been provided.

2.1. The time of provision of electronic services by a non-resident organisation not having a permanent establishment in the Republic of Armenia and registered with the tax authority in accordance with the procedure prescribed by part 9.1 of Article 288 of the Code to a natural person who is not an individual entrepreneur or a notary shall be deemed to be the last day of the quarter, which includes the date of payment and/or partial payment for the electronic service provided, subject to payment and/or partial payment conditions.

3. Time of provision of subscription-based services (in particular, services involving use of rights to computer programmes, databases, patents, licences, notifications, permits, logos, trademarks, copyright and other similar rights) shall be the last day of every month and where other time-limits (phases) for provision of services are specified in the contracts on provision of these services, the last day of these time-limits (phases) shall be considered to be the time of provision of these services.

4. Unless otherwise prescribed by the Code, the time of performance of works or provision of services not mentioned in parts 1-3 of this Article shall be the earliest point in time referred to in this part:

(1) the point in time when:

a. those performing the work pass on the right of ownership of the result of the work to those accepting the work;

b. those providing the service complete the performance of the activity in favour of those receiving the service (including based on phases prescribed by the contract);

c. those providing the service transfer the right of ownership of an intangible asset to those receiving the service;

(2) those accepting the work and/or receiving the service shall approve the settlement document issued by those performing the work and/or providing the service with regard to the transaction on performance of the work and/or provision of the service.

5. Where the time of performance of the works or provision of the services mentioned in parts 1-3 of this Article cannot be determined as prescribed by part 4 of this Article, the time of performance of these works or provision of these services shall be:

(1) the point in time when the organisation or the natural person performing the work and/or providing the service — in accordance with the contract on performance of the work and/or provision of the service — acquired the right to terminate performance of the work and/or provision of the service without returning previously received sum corresponding to the part of the work which was not performed and/or the service which was not provided (except for the sum considered to be an advance payment by law);

(2) the last day of the reporting period during which it became clear that those accepting the work and/or receiving the service have already accepted the work and/or received the service at least during that reporting period and in the case provided for by the contract on performance of the work and/or provision of the service — the work and/or the service to be provided during the given phase.

(Article 40 amended by HO-266-N of 21 December 2017, HO-321-N of 18 June 2020, supplemented by HO-359-N of 17 November 2021)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 41. Declaring a transaction involving supply of goods, performance of works and/or provision of services as invalid

1. For the purpose of the Code, a transaction involving supply of goods, performance of works and/or provision of services shall be declared as invalid by the decision of the court.

2. The transaction declared invalid shall not entail any legal consequences (including rights and obligations) for the parties prescribed by the Code, except for the consequences of invalidity of a transaction in the cases prescribed by part 2.1 of this Article.

2.1. In case of invalidity of a transaction the legal consequences prescribed by the Code for the parties (including rights and obligations) may arise only with respect to non-returned goods, of non-returned result of work and/or non-returned outcome of service.

3. The settlement document issued previously with regard to the transaction declared invalid shall — in accordance with Article 56 of the Code — be declared as invalid.

4. In case of declaring a transaction as invalid, taxpayers considered to be parties to the transaction shall — in accordance with the relevant Sections of the Code — reflect the results of invalidation of the transaction in the relevant tax calculation reports submitted to the tax authority for the reporting period including the day of the decision of the court prescribed by part 1 of this Article.

5. Where there are no grounds for declaring invalid a transaction involving supply of goods, performance of works and/or provision of services prescribed by part 1 of this Article but the parties to the transaction have declared it invalid, then invalidation of the transaction shall not be taken into account.

(Article 41 supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 42. Adjustment of the transaction involving supply of goods, performance of works and/or provision of services

1. For the purposes of this Code, the transaction on supply of goods, performance of works and/or provision of services shall be adjusted in the following cases:

(1) the subject of the transaction is a product with an expiry date (period of storage);

(2) the subject of the transaction is a public or communal service and the written contract concluded between the parties to the transaction provides that the scope of these services can be adjusted following the end of the reporting period;

(3) the quantity, volume and/or qualitative characteristics of the product that constitutes the subject of the transaction — in accordance with the contract on the supply of goods — are checked by the buyer when accepting the goods and it becomes clear that none of them conforms to the conditions prescribed by the contract, which entails partial accepting or return of goods (or a part thereof);

(4) The goods that constitute the subject of the transaction have been supplied in a larger quantity than prescribed in the settlement document and the excess quantity of goods supplied by the buyer has been accepted;

(5) in case of such transactions on performance of works or provision of services, where the volume of performed works or provided services at the end of the transaction is bigger or less than the volume provided for in the initially issued relevant settlement document, except for the cases when:

a. works or services have already (actually) been performed or provided on conditions, referred to in the issued settlement document, conforming to the real conditions of the transaction;

b. the content of the work or service is such that it does not allow for returning back work or service deliverables;

No adjusting tax invoice or adjusting tax bill accordingly can be issued with regard to the tax invoice or tax bill, where three tax years from the tax year including the date of issue thereof have passed.

2. The adjusted transaction shall entail legal consequences, including rights and obligations prescribed by the Code for parties thereto only with regard to the part which remains after adjustment of the transaction.

3. The settlement document previously issued with regard to the adjusted transaction shall continue to be considered to be a valid document but the supplier of goods, performer of works and/or provider of services (except for taxpayers providing public services) based on the adjusted transaction shall — in the manner prescribed by Article 56 of the Code — issue a relevant adjusted settlement document prescribed by Article 55 of the Code. Taxpayers providing public services shall, in accordance with the legal acts adopted by the authorised body regulating public services, reflect the result of adjustment of the transaction in the relevant settlement document issued for supply of goods, performance of work and/or provision of service during the month including the day of the adjustment.

4. In case of adjustment of the transaction, taxpayers considered to be parties to the transaction (except for the taxpayers prescribed by part 5 of this Article) shall be obliged to do the following with the results of the adjustment of the transaction:

(1) represent them with regard to VAT and excise tax in the tax calculation reports carried out by

them and submitted to the tax authority as prescribed by Articles 52 and 53 of the Code for the reporting period including the day of issuance of the adjusting settlement document where as a result of adjustment of the transaction, the amounts of tax liability and the tax subject to offset (reduction) have decreased;

(2) represent them with regard to VAT and excise tax in the tax calculation reports carried out by them and submitted to the tax authority as prescribed by Articles 52 and 53 of the Code for the reporting period including the day of performance of the principal transaction where as a result of adjustment of the transaction, the amounts of tax liability and the tax subject to offset (reduction) have increased;

(3) represent them with regard to other taxes and the payment for the use of natural resources in the tax calculation reports carried out by them and submitted to the tax authority as prescribed by Articles 52 and 53 of the Code for the reporting period including the day of performance of the principal transaction.

5. Taxpayers providing public services shall be obliged to reflect the results of the adjustment of the transaction in the tax calculation reports drawn up by them and submitted to the tax authority as prescribed by Articles 52 and 53 of the Code for the reporting period including the day when the adjustment was made.

6. Where there are no grounds for adjustment of the transaction involving supply of goods, performance of works and/or provision of services but the supplier of the goods, performer of works and/or provider of services have adjusted the transaction (issued a adjusting settlement document), the adjustment of the transaction shall not be taken into account.

(Article 42 edited by HO-266-N of 21 December 2017, supplemented and edited by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 43. Tax liability

1. Tax liability shall mean the obligation of a taxpayer to pay the sums of any type of a tax and/or fees, as well as the amounts of fines, penalties and fees for the compensation of damages calculated for violation of the provisions of the Code and/or the laws of the Republic of Armenia on fees as prescribed by the Code and/or the laws of the Republic of Armenia on fees, the VAT and/or excise tax amounts refundable from the State Budget that are reflected in the unified VAT and excise tax calculation report in excess of the amount prescribed — in the amount of overreported amounts, except for cases prescribed by part 2 of this Article.

2. For the purposes of Section 16 of the Code, tax liability shall comprise only the obligation of a taxpayer to pay taxes (except for the road tax, local taxes, as well as amounts of the liability with regard to the environmental tax for which — in accordance with Section 8 of the Code — no requirement for submitting a tax calculation report is prescribed), social payment, payment for the use of natural resources (except for the liability with regard to nature utilisation fee for which — in accordance with Section 10 of the Code — no requirement for submitting a tax calculation report is prescribed) and the mandatory fee for regulation of public services, as well as the amounts of the fines, penalties and fees for the compensation of damages calculated for the violation of the provisions of the Code and/or the laws of the Republic of Armenia on fees as prescribed by the Code and/or the laws of the Republic of Armenia on fees mentioned in this part.

(Article 43 supplemented by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 44. Emergence of tax liability

1. Tax liability shall emerge in cases prescribed by the Code or the laws of the Republic of Armenia on fees.

2. As a result of tax control no tax liability may arise where the tax liability has been imposed on the taxpayer upon completion of the third tax year immediately following the tax year in the course of which it had been committed, except for the cases prescribed by this part. When revealing violations of the requirements of Chapter 73 of the Code, no tax liability may arise, where the tax liability has been imposed on the taxpayer upon completion of the fifth tax year immediately following the tax year in the course of which it had been committed. In the event the tax control with respect to transactions concerning the information automatically provided to the tax authority by the competent authorities of foreign states (territories) (with which automatic exchange of information on financial accounts is carried out) in compliance with Chapter 80.2 of the Code or transactions with organisations registered (record-registered) in countries (geographical areas) with liberal tax systems reveals violations of requirements of the Code and laws of the Republic of Armenia on fees, no tax liability may arise, where the tax liability has been imposed on the taxpayer upon completion of the

tenth tax year immediately following the tax year in the course of which it had been committed. When detecting violations of the requirements of the Sections of the Code on tax on immovable property and property tax on vehicles, no tax liabilities may arise if the given violation has been revealed upon completion of the tenth tax year immediately following the tax year in the course of which it had been committed.

3. For the purposes of part 2 of this Article, the tax year in the course of which the violation has been committed shall be the tax year including the last day of the time-limit for submitting the relevant tax calculation report comprising a violation to the tax authority as prescribed by the Code and the laws of the Republic of Armenia on fees.

4. The statute of limitations prescribed by part 2 of this Article shall be suspended where the inspection or the assessment of liabilities in any other way becomes impossible owing to the absence of the taxpayer or the official of the taxpayer or due to other circumstances emerged. The statute of limitations prescribed by part 2 of this Article shall be suspended on grounds prescribed by this part from the moment of establishment of the fact of existence of these grounds (or one of them) by the relevant official of the tax authority as prescribed by the Government. The term for the statute of limitations shall continue following termination of the grounds for suspension prescribed by this part if the tax authority or the relevant official of the tax authority knew or could have known about the termination of grounds for suspension. In accordance with this part the ultimate term for statute of limitation shall be extended by the number of working days included in the suspension period.

5. ***(part repealed by HO-88-N of 23 March 2022)***

Within the period between the time limit prescribed by this part and the time limit prescribed by part 2 of this Article the taxpayer may submit a tax calculation report, reducing tax liabilities or increasing the amounts subject to offset (reduction), pertaining to the accounting periods prescribed by the first paragraph of this part, which may be inspected by the tax authority within one year following the day of submitting the calculation report.

6. Where the tax authority has detected inaccuracies in the tax calculation reports submitted by the taxpayers which cannot be verified by submitting verified tax calculation reports in cases and manner prescribed by the Code or where the tax liabilities of the taxpayer need to be re-assessed in cases prescribed by the Code or the laws of the Republic of Armenia on fees, these liabilities may be verified as by the Government without performing inspections (including re-inspections) among the taxpayers. Where as a result of verification of tax liabilities prescribed by this part, a tax liability arises or it entails increase in the existing tax liability, the taxpayer shall be exempt from the application of the penalty prescribed by the Code for reporting a smaller amount of tax. For the purposes of this part, no change in tax liabilities or in the amounts subject to offset (reduction) shall be carried out:

(1) where, in accordance with part 2 of this Article, the time-limits for imposing tax liabilities have expired;

(2) ***(point repealed by HO-88-N of 23 March 2022);***

(3) With respect to tax or payment, pertaining to the inspection or examination for the duration of the inspections or examinations carried out with the taxpayers, as well as throughout the suspension period.

7. Information on taxpayers obtained in violation of the Code and other laws of the Republic of Armenia cannot serve as a basis for calculation and levying of tax liabilities.

8. No information shall serve as a basis for calculation and levying of the tax liability of the taxpayer until the taxpayer has not had the opportunity to study them and provide relevant explanations, except for the information in the form prescribed by the tax authority on the additional tax liabilities with regard to taxes and/or fees having arisen during the bankruptcy proceedings which has been submitted to the tax authority by the manager on behalf of the debtor from the moment of the suspension of the activities of the latter in accordance with the Law of the Republic of Armenia “On bankruptcy” and based on which the tax liabilities of the debtor are calculated.

(Article 44 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, edited, supplemented by HO-86-N of 23 March 2022, amended, supplemented, edited by HO-88-N of 23 March 2022, edited by HO-338-N of 10 September 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-338-N of 10 September 2024 has a final part and transitional provisions)

Article 45. Termination of tax liability

1. Tax liability shall terminate:

(1) where it has been satisfied;

(2) where a tax benefit in the form of exemption from or reduction in the tax liability is prescribed

in the amount of the exempted or reduced liability;

(3) where the case on bankruptcy of an organisation or an individual entrepreneur or a notary is terminated with a court judgment having entered into legal force and the organisation is deemed to be liquidated, and the activities of the individual entrepreneur or notary are deemed terminated;

(4) where the bankruptcy case of the natural person who is not an individual entrepreneur or notary is closed by a court judgment having entered into legal force, and that judgment releases the natural person from all liabilities, except for the cases provided for by the Law of the Republic of Armenia “On bankruptcy”;

(5) in case of death of a natural person, except for cases prescribed by parts 1 and 2 of Article 51 of the Code;

(6) in cases prescribed by the laws of the Republic of Armenia on fees;

(7) where 5 years have passed from the deadline, established by the Code and laws of the Republic of Armenia on fees, for satisfying by a natural person who is not an individual entrepreneur or a notary the tax liabilities not exceeding AMD two million;

(8) where 7 years have passed from the deadline, established by the Code and the laws of the Republic of Armenia on fees, for satisfying by an organisation or an individual entrepreneur or a notary the tax liabilities not exceeding AMD two million;

(9) where the deceased natural person or the natural person declared as deceased by a judgment of the court does not have any heirs or the heir has repudiated the inheritance and 5 years have passed from the death of a natural person.

2. ***(part repealed by HO-331-N of 25 October 2023)***

3. The tax authority shall establish the procedure for record-keeping of tax liabilities and cancelling the record-keeping of tax liabilities.

(Article 45 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018, edited, supplemented, amended by HO-331-N of 25 October 2023)

(Law HO-331-N of 25 October 2023 has a transitional provision)

Article 46. Discharging (satisfying) the tax liability

1. Discharging (satisfying) tax liability through the single account or the single account for administrative acts shall mean the crediting of the tax subject to payment and calculated in accordance with the Code, as well as the sums of fines and/or penalties from the single account or the single account for administrative acts to the treasury account of the state budget keeping records of the liability with regard to the relevant tax.

2. Discharging (satisfying) tax liability (except for local taxes) not through the single account or the single account for administrative acts shall mean the action when the tax subject to payment, as well as the sums of fines and/or penalties calculated in accordance with the Code:

(1) are paid to the treasury account of the state budget keeping records of the liability with regard to the relevant tax;

(2) are offset from the treasury account of the state budget keeping records of the liability with regard to other tax, which is not settled through the single account or the single account for administrative acts, to the treasury account of the state budget keeping records of the liability with regard to the given tax.

(3) ***(point repealed by HO-101-N of 1 March 2023)***

3. Discharging (satisfying) tax liability with regard to local taxes shall be the payment of the tax due calculated in accordance with the Code, as well as the payment of the sums of fines and/or penalties to the treasury account of the local budget keeping records of the liability with regard to the relevant tax.

4. Where prescribed by the Code, the duty to discharge tax liability may be placed on a tax agent, a trust manager, the reporting participant of the joint activity, the commission agent, an agent acting on his or her behalf when carrying out the transaction, as well as joint liability may be prescribed with regard to discharging tax liabilities.

5. Tax liabilities shall be satisfied before the time-limits prescribed by the Code and the laws of the Republic of Armenia on fees, except for cases prescribed by the Code and the laws of the Republic of Armenia on fees.

6. Where the tax liability is not discharged or is partly discharged before the time-limits prescribed by the Code and the laws of the Republic of Armenia on fees, the tax authority and in case of local taxes and local fees — the local self-government body shall be authorised to undertake measures securing the discharge of tax liabilities as prescribed by Section 19 of the Code.

(Article 46 supplemented by HO-266-N of 21 December 2017, supplemented, amended

by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 47. Discharging tax liabilities in case of liquidation of the organisation

1. Discharging tax liabilities of an organisation undergoing liquidation shall rest with the Liquidation Committee of the organisation on the account of the financial resources of the organisation, including the financial resources generated from the sale of property. The Liquidation Committee shall be obliged to include the tax liability in the liquidation balance sheet.

2. In cases prescribed by point 1 of part 3 of Article 54 of the Code, the tax liabilities having arisen based on the submitted tax calculation reports shall be satisfied before the due date prescribed by the Code, but not later than the day of liquidation of the organisation.

3. ***(part repealed by HO-101-N of 1 March 2023)***

(Article 47 amended by HO-266-N of 21 December 2017, HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 48. Discharging tax liabilities in case of withdrawing the individual entrepreneur from state record registry

1. An individual entrepreneur shall be entitled to submit an application to the tax authority on undergoing a comprehensive tax inspection prior to submitting an application on being removed from state record-registration.

2. Where a natural person has not applied to the tax authority on undergoing a comprehensive tax inspection as prescribed by the Code prior to being removed from state record-registration, the tax authority shall be entitled to perform a comprehensive tax inspection of the natural person as prescribed by the Code in the course of three years following the day of removal of the individual entrepreneur from state record-registration.

(Article 48 amended by HO-266-N of 21 December 2017)

Article 49. Discharging tax liabilities in case of reorganisation of the organisation

1. Tax liabilities of a reorganised organisation shall be satisfied by the legal successor (legal successors) of the organisation as prescribed by this Article.

2. In case of consolidation of organisations, the legal successor responsible for discharging tax liabilities shall be the organisation established as a result of consolidation of these organisations.

3. In case of absorption of organisations, the legal successor responsible for discharging tax liabilities shall be the organisation which has been affiliated with by the other organisation.

4. In case of division of an organisation, the legal successor responsible for the discharge of tax liabilities shall be the organisations established as a result of the breakdown in accordance with the division balance sheet.

5. In case of separation of one or more organisations from the organisation, the tax liabilities of the reorganised legal person shall pass on to each of the separate organisations in accordance with the division balance sheet.

6. In case of restructuring of an organisation, the legal successor responsible for satisfying tax liabilities shall be the organisation established as a result of the reorganisation of the organisation.

Article 50. Discharge of tax liabilities in case of joint activity

1. The participants of the joint activity shall bear joint responsibility for the discharge of tax liabilities with regard to the joint activity.

2. In case of full discharge of tax liabilities with regard to the joint activity by the reporting participant of the joint activity or one of the participants of the joint activity, the tax liabilities with regard to this activity shall be considered to be discharged by all the other participants of the joint activity.

Article 51. Discharge of tax liabilities and return of taxes in case of death of the natural person or declaring the natural person as dead by the judgment of the court

1. In case of death of the natural person or declaring the natural person as dead by the judgment of the court, the tax liabilities (except for the tax liabilities with regard to the tax on immovable property and/or property tax on vehicles) existing as of the day of the death shall be discharged by his or her heir (in case of more than one heirs, the tax liabilities shall be discharged by the heirs proportionally to the market value of the inherited property which constitutes the object of the entrepreneurial activity), except for cases prescribed by part 2 of this Article. In case of death of the natural person or declaring the natural person as dead by the judgment of the court, his or her outstanding tax liabilities with regard to the tax on immovable property and/or property tax on vehicles as of the day of death shall be discharged as prescribed by Sections 11 and 12 of the Code respectively.

2. Where the heir of the deceased natural person or the natural person declared dead by the judgment of the court repudiates the inheritance of the property which constitutes the object of the entrepreneurial activity, he or she shall be exempt from discharge of tax liabilities.

3. The heir of the deceased natural person or the natural person declared dead by the judgment of the court may apply to the tax authority of the place of record-registration of the deceased natural person or the natural person declared dead by the judgment of the court or to the relevant local self-government body keeping records of the taxable objects taxed under local taxes to find out the amount of the tax liability delegated to him or her, and these bodies shall be obliged to provide information on the amount of the tax liabilities delegated to the heir within five working days following the receipt of the application. The amount of tax liability referred to in the information submitted by the tax authority cannot be changed, if the information has been submitted as a result of an inspection carried out in the manner prescribed by the Code.

4. ***(part repealed by HO-266-N of 21 December 2017)***

5. Notaries shall be obliged to provide information to the tax authority on the property inherited by the heir (heirs) of the deceased natural person or the natural person declared dead by the judgment of the court which constitutes the object of the entrepreneurial activity and assuming of tax liability by the heir (heirs), which was revealed within the framework of the notary services provided by them during the reporting quarter for every reporting quarter before or on the 20th day of the month following the given reporting quarter as prescribed by the Government.

6. The heir of the deceased natural person or the natural person declared dead by the judgment of the court shall be obliged to discharge the tax liability delegated to him or her based on the administrative act drawn up as prescribed by the Law of the Republic of Armenia “On fundamentals of administrative action and administrative proceedings” prior to or on the twentieth day of the third month following the month including the day of accepting the inheritance.

7. In case of death of the natural person or declaring the natural person as dead by the judgment of the court, the debit amounts of the tax available on the personal account as of the day of the death, the remaining balance of the single account or the single account for administrative acts, as well as the overpayments shall be subject to return to the heir (in case of more than one heirs, proportionally to the market value of the inherited property which constitutes the object of the entrepreneurial activity).

8. Where the heir of the deceased natural person or the natural person declared dead by the judgment of the court undertakes — in accordance with part 1 of this Article — the obligation to discharge the outstanding tax liabilities of the deceased natural person or the natural person declared dead by the judgment of the court, the sums prescribed by part 7 of this Article shall be subject to return only if the tax liabilities have been discharged in full.

9. The heir of the deceased natural person or the natural person declared dead by the judgment of the court can apply to the tax authority of the place of record-registration of the deceased natural person or the natural person declared dead by the judgment of the court or to the relevant local self-government body keeping records of the taxable objects taxed under local taxes to find out the amount of the tax sums prescribed by part 7 of this Article, and these bodies shall be obliged to provide information on the amount of these tax sums within five working days following the receipt of the application.

10. The tax amounts prescribed by part 7 of this Article shall be allocated to the heir of the deceased natural person or the natural person declared dead by the judgment of the court before the twentieth day of the third month following the month including the day of acceptance of the inheritance unless otherwise prescribed by part 8 of this Article.

11. The tax liabilities prescribed by part 1 of this Article shall be discharged by the heir of the deceased natural person or the natural person declared dead by the judgment of the court and the tax amounts prescribed by part 7 of this Article shall be allocated to the heir of the deceased natural person or the natural person declared dead by the judgment of the court as prescribed by the tax authority.

(Article 51 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, supplemented by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

CHAPTER 9

TAX CALCULATION REPORTS

Article 52. Tax calculation report and drawing up thereof

1. Tax calculation report shall be the written information submitted by the taxpayer (in cases prescribed by the Code, the tax agent, trustee, reporting participant of a joint activity, commission agent, agent acting on behalf thereof in executing the transaction, in case of minor natural persons, also the parent or guardian or curator) to the tax authority within the reporting period or with regard to any transaction or operation considered a taxable object prescribed by the Code and in regard to the tax or fee calculated against it.

2. Tax calculation reports shall mandatorily be completed with the following data:

(1) full name of the taxpayer;

(2) location of the taxpayer;

(3) taxpayer identification number, and in case of value added taxpayers, also the taxpayer identification number of VAT payer;

(4) reporting period or the day of executing the transaction or operation considered to be taxable object prescribed by the Code for which the tax calculation report is submitted;

(5) signature of the taxpayer (official of the taxpayer) or the authorised person of the taxpayer;

(6) other data prescribed by the procedure for completion of tax calculation.

2.1. The tax authority may automatically complete the tax calculation reports in advance, based on the data (including those prescribed by Article 350 of the Code) available in its database.

3. Tax calculation reports (including the verified ones) submitted for the joint activity by the reporting participant of a joint activity shall reflect the indicators (results) relating to the joint activity as well as expressly relating to the reporting participant of a joint activity. For the purpose of verifying the tax liabilities with regard to the joint activity, where necessary, and ensuring the collection thereof, the tax authority of the record-registration of the reporting participant of a joint activity shall have the right to request, in writing, the reporting participant of a joint activity to submit additional written information on indicators (results) relating to the joint activity included in the general indicators reflected in the tax calculation reports submitted thereby. The reporting participant of a joint activity shall be obliged to submit the information prescribed by this part within five working days after receiving the relevant request from the tax authority.

4. Forms of tax calculation reports and the procedure for completing them shall be prescribed by the tax authority (including together with those agencies, where a requirement to submit the tax calculation report also to other agencies in the cases prescribed by the Code is laid down). Irrespective of the data prescribed by part 2 of this Article and subject to mandatory completion in the tax calculation report, personal data with regard to the natural person, including name, surname, passport data, number of public services, address of the place of residence or place of record-registration, phone number, information about family members shall be subject to mandatory completion in the tax calculation report form, if so envisaged.

(Article 52 supplemented by HO-266-N of 21 December 2017, amended and supplemented by HO-593-N of 23 December 2022)

(Law HO-593-N of 23 December 2022 has a transitional provision)

Article 53. Submission of tax calculation report

1. Taxpayer (in cases prescribed by the Code, the tax agent, trustee, reporting participant of a joint activity, commission agent, agent acting on behalf thereof in executing the transaction, in case of minor natural persons, also the parent or guardian or curator) shall submit the tax calculation reports to the tax authority following the end of the reporting period within the time limits prescribed by the Code and laws of the Republic of Armenia on fees, except for the cases prescribed by parts 3, 4 and 5 of this Article.

2. Tax calculation reports submitted to the tax authority for the given reporting period before the end of the reporting period shall be considered not submitted, except for the cases prescribed by parts 3 and 4 of this Article.

3. Tax calculation may be submitted before the end of the reporting period, where:

(1) the organisation is in the process of liquidation (a separate subdivision of the organisation or of the establishment is in the process of removal from state record-registration);

(2) the individual entrepreneur is removed from state record-registration;

(3) notary is dismissed from the position.

4. ***(part repealed by HO-68-N of 25 June 2019)***

5. Tax calculation reports shall be submitted to the tax authority in electronic form, except for the following:

(1) tax calculation reports that contain information considered a secret and/or subject to limited use. The tax calculation reports referred to in this point may be submitted to the tax authority also in paper form;

(2) cases prescribed by the Code or the Government when tax calculation reports may be submitted also in paper form.

6. Where the soft copy of the tax calculation report is not posted on the website of the tax authority until the last day of the relevant reporting period, with respect to the application of sanctions prescribed by the Code for late submission of the tax calculation report, the deadline, prescribed by the Code or laws of the Republic of Armenia on fees, for submitting relevant tax calculation report shall be extended by the number of days covering the last day of the relevant reporting period until the day of posting the soft copy of the tax calculation report on the website of the tax authority.

7. The day of submission of the tax calculation report in electronic form shall be considered the day specified in the relevant electronic notice confirming the receipt and registration of the tax calculation report automatically submitted to the taxpayer by the electronic system of the tax authority for accepting tax calculation reports, and the day of submitting the tax calculation report to the tax authority in paper form shall be considered the day specified in the date-stamp impression of the day the post office received the tax calculation report.

8. Where the taxpayer (in cases prescribed by the Code, the tax agent, trustee, reporting participant of a joint activity, commission agent, agent acting on behalf thereof in executing the transaction, in case of minor natural persons, also the parent or the guardian or curator) shall submit a statement to the tax authority in the form approved by the tax authority:

(1) on terminating activities starting from any day for an indefinite period of time, the taxpayer shall not submit tax calculation reports (including “zero”) to the tax authority for the entire reporting periods prescribed by the Code or by the laws of the Republic of Armenia on fees for any type of tax or fee and included in the time period between the day of terminating the activities indicated in the statement (but not earlier than the day of submitting the statement on terminating the activities) and the day of resuming the activities indicated in the statement on resuming the activities submitted in the form approved by the tax authority (but not earlier than the day of submitting the statement on resuming the activities), except for the tax calculation reports prescribed by part 9 of this Article;

(2) on terminating activities starting from any day for a certain period of time, the taxpayer shall not submit tax calculation reports (including “zero”) to the tax authority for the entire reporting periods prescribed by the Code or the laws of the Republic of Armenia on fees for any type of tax or fee and included in the time period between the day of terminating the activities indicated in the statement (but not earlier than the day of submitting the statement on terminating the activities) and the day of resuming the activities indicted in the statement on resuming the activities submitted in the form approved by the tax authority (but not earlier than the day of submitting the statement on resuming the activities), except for the tax calculation reports prescribed by part 9 of this Article.

For the purposes of this part:

(1) in case the activities are terminated for a certain period of time, the activities of the taxpayer shall be considered to be resumed from the day of resuming the activities indicated in the statement of the taxpayer, in case the activities are terminated for an indefinite period of time, the activities of the taxpayer shall be considered to be resumed from the day of resuming the activities indicated in the statement of the taxpayer on resuming the activities;

(2) in case the taxpayer resumes the activities within the time period of termination of the activities and does not submit a relevant statement thereon, the activities of the taxpayer are considered to be resumed from the day of their actual resumption.

8.1.

9. For the purposes of part 8 of this Article, the following shall not be considered to be resumption of the activities:

(1) the calculation and payment by the taxpayer of the salary and other equivalent fees, as well as of temporary incapacity and maternity benefits for the employees thereof as prescribed by the legislation (including for the period of forced idleness or leave for taking care of a child under the age of three), in which case the taxpayer, as a tax agent, shall submit a monthly summary calculation report of the income tax and social contribution;

(2) incurring administrative expenses, including paying rentals and interests or paying for subscription-based services (in particular, public services or utility services or services of using computer programmes, databases, patents, licenses, notices, authorisations, logos, trademarks, copyrights and other similar rights), in which case the taxpayer shall submit to the tax authority the tax calculation reports necessary for the declaration of expenses referred to in this point and prescribed by the Code;

(3) receiving income from the accrued interests against the monetary funds deposited or available on the current account, in which case the taxpayer shall submit to the tax authority the tax calculation reports necessary for the declaration of the incomes referred in this point and prescribed by the Code;

(4) submitting a statement on being considered a VAT payer and being record-registered as a VAT payer or submitting a statement on being a turnover taxpayer or a statement on being considered as an entity of micro-entrepreneurship;

(5) paying taxes, fees or other fees prescribed by the legislation of the Republic of Armenia;

(6) making fees to partner taxpayers and/or receiving fees therefrom, ratifying (approving) the settlement documents issued by the partner taxpayers in respect of expenses prescribed by point 2 of this part, as well as issued in respect of all expenses incurred in the reporting periods prior to the termination of the activities;

(7) submitting calculation reports or verified tax calculation reports;

(8) performing audit (including audit of financial statements) at the taxpayer.

(9) ***(point repealed by HO-302-N of 16 June 2020)***

10. Except for the cases of submission of tax calculation reports increasing the tax liability and/or decreasing the amount subject to offset (reduction) prescribed by part 10.1 of this Article, tax calculation reports may not be submitted in cases where the tax calculation report relates to the following:

(1) the reporting period that has already been inspected by the tax authority (and in cases prescribed by the Code, where tax calculation reports are submitted to other authorised bodies — by that body) in respect of the given type of tax, except for tax calculation reports on transfer pricing;

(2) ***(point repealed by HO-88-N of 23 March 2022)***

(3) the reporting period, since the last day of which three years have passed, and in case of calculation of transfer pricing — five years;

(4) the reporting period, which has already been examined by the tax authority for the given type of the tax as prescribed by Article 349.1 o f the Code.

10.1. Irrespective of the restrictions prescribed by parts 10 and 11 of this Article, tax calculation reports increasing the tax liability and/or decreasing the amount subject to offset (reduction) (including the verified tax calculation reports) are submitted in accordance with the procedure prescribed by the tax authority.

11. Tax calculation reports in respect of value added tax may not be submitted also in cases (in case of submitting a unified calculation report of VAT and excise tax, the calculation report in respect of VAT shall not be taken into account) when the tax calculation report relates to the following:

(1) the reporting period that has already been inspected by the tax authority with a view to examining the substantiation of the VAT refundable amounts to be credited to the single account;

(2) ***(point repealed by HO-88-N of 23 March 2022)***

(3) the reporting period based on the results of which the crediting to the single account of accrued refundable amounts of the value added tax has been performed in accordance with part 10 of Article 348 of the Code under a simplified procedure established by the Government.

12. Tax calculation reports with respect to excise tax may not be submitted also (in case of submitting a unified VAT and excise tax calculation report, the given calculation report shall not be taken into account with respect to VAT) when the tax calculation report refers to the reporting period that has already been inspected by the tax authority with a view to examining the substantiation of the excise tax refundable amounts subject to crediting to the single account.

(Article 53 amended, edited and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, amended, edited and supplemented by HO-338-N of 21 June 2018, supplemented and amended by HO-68-N of 25 June 2019, amended by HO-302-N of 16 June 2020, supplemented by HO-244-N of 26 May 2021, amended, supplemented by HO-86-N of 23 March 2022, edited, amended, supplemented by HO-88-N of 23 March 2022 , supplemented by HO-55-N of 4 March 2022, amended by HO-376-N of 24 October 2024, amended, supplemented by HO-101-N of 1 March 2023)

(Article as amended by Law HO-342-N of 11 September 2024 shall enter into force on 1 January 2026)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-244-N of 26 May 2021 has a transitional provision)

(Law HO-88-N of 23 March 2022 has a transitional provision)

(Law HO-302-N of 16 June 2020 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-376-N of 24 October 2024 has a transitional provision)

Article 54. Verification of the tax calculation report

1. In case the taxpayer (in cases prescribed by the Code, the tax agent, trustee, reporting participant of a joint activity, commission agent, agent acting on behalf of him or her in executing the transaction, in case of minor natural persons, also the parent or guardian or curator) detects errors in tax calculation reports submitted to the tax authority, verified tax calculation reports may be submitted. Verified tax calculation reports on transfer pricing may be submitted in the cases prescribed by Article 374 of the Code.

2. For the purposes of the Code, the first of more than one tax calculation reports submitted after the end of the reporting period shall be considered to be a tax calculation report submitted for the reporting period, and the rest — verified tax calculation reports. The first of tax declarations of imports or tax declarations of export submitted with respect to the given operation of export or import shall be considered to be a declaration submitted for the given operation, and the rest — verified declarations.

3. In case of liquidation of the organisation (for separated subdivisions and establishments of the organisation, removal from the state record-registration), the individual entrepreneur is removed from state record-registration or the notary is dismissed from the position:

(1) tax calculation reports submitted to the tax authority before the end of the reporting periods shall be considered to be tax calculation reports submitted for the reporting periods, where by the end of the reporting periods following the submission thereof the organisation or the individual entrepreneur or the notary does not carry out any transaction or operation;

(2) in case the organisation or the individual entrepreneur or the notary carries out any transaction or operation by the end of the reporting period following the submission of tax calculation reports prescribed by point 1 of this part, after the end of the reporting periods the new tax calculation reports submitted for these reporting periods shall be considered to be verified tax calculation reports.

4. Where the submission of a verified tax calculation report gives rise to tax liability or increases the previous tax liability, the taxpayer shall be exempt from the imposition of the fine prescribed by the Code for understatement of the amount of tax.

5. Limitations on submission of tax calculation reports prescribed by parts 10-12 of Article 53 of the Code shall also extend to the cases of submitting verified tax calculation reports.

(Article 54 supplemented by HO-266-N of 21 December 2017, amended by HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, edited by HO-86-N of 23 March 2022, amended by HO-88-N of 23 March 2022, HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

CHAPTER 10

SETTLEMENT DOCUMENTS

Article 55. Settlement documents and drawing up thereof

1. Settlement document shall be a document complying with the requirements prescribed by this Code and issued by the taxpayer which substantiates the following:

(1) acquisition of the right to receive income from the supply of goods, performance of work and/or provision of service. For the purposes of this point, the right to receive income in the cases prescribed by the Code shall be considered to be acquired irrespective of the fact of issuance of the settlement document;

(2) recognition of expenses for the purchase of goods, the receipt of work and/or service;

(3) supply of goods to a foreign citizen or stateless person;

(4) transportation of goods.

2. For the purpose of documenting the transactions and operations prescribed by part 1 of this Article, the following settlement documents shall apply:

(1) tax invoice;

(2) adjusting tax invoice;

(3) tax bill;

(4) adjusting tax bill;

(4.1) act of delivery and acceptance of the object of leasing;

(5) cash register receipts (including electronic receipts of the electronic cash register);

(6) tax invoice of VAT refund;

(7) consignment note for the transportation of the goods (hereinafter referred to as the “consignment note”).

3. In part 2 of this Article:

(1) settlement documents prescribed by points 1-4 shall be applied for documenting the acquisition of the right to receive income from the supply of goods, performance of work and/or provision of service, recognition of expenses for the acquisition of goods, receipt of work and/or service, and in cases prescribed by the Code, also the reduction in the tax amount, as well as the transportation of acquired goods;

(2) settlement documents prescribed by point 5 shall be applied for documenting the acquisition of the right to receive income from the supply of goods, performance of work and/or provision of service, and in the case it contains the taxpayer identification number (TIN) of organisation, individual entrepreneur or notary having acquired the goods, having accepted the works and/or having received the services on the receipt, in addition to the prescribed mandatory information (data) — also for documenting the recognition of expenses for acquiring goods, accepting works and/or receiving services, as well as for documenting the delivery or transportation of the goods;

(3) settlement documents prescribed by point 6 shall be applied for documenting the acquisition of the right to VAT refund;

(4) settlement documents prescribed by point 7 shall be applied for documenting the transportation of goods;

(5) settlement document prescribed by point 4.1 shall be applied for documenting the delivery and acceptance of the object of leasing.

4. The tax invoice or adjusting tax invoice shall mandatorily include the following:

(1) series and number of the settlement document;

(2) issue date of the settlement document;

(3) date of supply of goods, date of completing the performance of work (including in accordance with the stages provided for by the contract) and/or date of completing the provision of service (in accordance with the stages provided for by the contract);

(4) rate and amount of the value added tax, in a separate column or line;

(5) amount of excise tax, in a separate column or line (in case of supply of goods subject to taxation by excise tax);

(6) amount of nature protection tax, in a separate column or line (only in case of issuing settlement documents by dealers-importers and dealers-producers of goods causing damage to the environment);

(7) nomenclature and quantity of goods and/or types and volume of the work and service being the subject of a transaction;

(7.1)

(7.2)

(8) price, total value of the unit of goods being the subject of a transaction, trade discount, where available (including public trade discount) and/or tariff, trade discount, where available, (including public trade discount) and total cost of work, service;

(9) for those supplying goods, performing work and/or providing service:

a. taxpayer identification number, and in case of value added taxpayers, also taxpayer identification number of the VAT payer;

b. full name of the organisation, addresses of location and place of business, and in case of supplying goods, address of the place of delivery or data of the point of delivery, name, surname and signature of the official;

c. name, surname, address of the place of residence of the natural person, series and/or number of the passport (or other identification documents), and in case of individual entrepreneur, also address of the place of business, indication of “individual entrepreneur” or “IE”, address of the place of delivery or data of the point of delivery, name, surname and signature of the official;

(10) for those acquiring goods, accepting work and/or receiving service:

a. taxpayer identification number, and in case of value added taxpayer, also taxpayer identification number of the VAT payer;

b. full name of the organisation, addresses of location and place of business, and in case of supplying goods, address of the place of destination of goods, name, surname and signature of the official;

c. name, surname, address of the place of residence of the natural person, series and/or number of the passport (or other identification documents), and in case of an individual entrepreneur, also address of the place of business, indication of “individual entrepreneur” or “IE”, address of the place of destination of goods (except for the cases where the goods are handed over to the purchaser in the place of delivery), name, surname and signature of the official.

(11) CN FEA code at 10-digit level, as well as the quantitative unit of measurement of goods for tracing purposes, in accordance with the Agreement “On mechanism of traceability of goods imported into customs territory of Eurasian Economic Union” concluded on 29 May 2019, with respect to goods subject to tracing in the customs territory of the Eurasian Economic Union.

5. The tax invoice and the adjusting tax invoice shall mandatorily include the data subject to mandatory inclusion in the tax invoice or adjusting tax invoice referred to in part 4 of this Article, except for the data prescribed by point 4 of part 4 of this Article.

5.1. The act of delivery and acceptance of the object of leasing shall mandatorily include:

(1) series and number of the settlement document;

(2) issue date of the settlement document;

(3) date of delivery and acceptance of the object of leasing;

(4) rate and amount of the value added tax, in a separate column or line (in case of delivering goods subject to value added tax);

(5) nomenclature, quantity, price of the unit and total value of the object of leasing;

(6) the following data on the lessor:

a. taxpayer identification number, and in case of value added taxpayer — also taxpayer identification number of the VAT payer;

b. full name of the organisation, addresses of location and place of business, address of the place of delivery or transfer of the object of leasing, name, surname and signature of the official;

(7) the following data on the lessee:

a. taxpayer identification number, and in case of value added taxpayers — also taxpayer identification number of the VAT payer;

b. full name of the organisation, addresses of location and place of business, address of the place of destination of the object of leasing, name, surname and signature of the official;

c. name, surname, address of the place of residence of the natural person, series and/or number of the passport (or other identification documents), and in case of an individual entrepreneur — also address of the place of business, indication of “individual entrepreneur” or “IE”, address of the place of destination of the object of leasing (except for the cases where the object of leasing is handed over in the place of delivery or transfer), name, surname and signature of the official.

6. The scope of data mandatorily included in the tax invoice of VAT refund shall be prescribed by the Government.

7. The consignment note shall mandatorily include the data subject to mandatory inclusion in the tax invoice or the adjusting tax invoice referred to in points 1 and 2 of part 4 of this Article, and in lieu of the data prescribed by points 3, 7 and 9 of part 4 of this Article, the following shall be included respectively:

(1) date of transportation of goods;

(2) nomenclature and quantity of the goods transported;

(3) for those transporting goods:

a. taxpayer identification number, and in case of value added taxpayer, also taxpayer identification number of VAT payer;

b. full name, addresses of location of the organisation, address of the place of delivery or date of the point of delivery, address of the place of destination of goods transported, name, surname and signature of the official;

c. name, surname, address of the place of residence of the individual entrepreneur, series and/or number of the passport (or other identification documents), address of the place of business, indication of “individual entrepreneur” or “IE”, address of the place of destination of transported goods, name, surname and signature of the official.

8. Settlement documents referred to in part 2 of this Article may — except for the data referred to in parts 4-7 of this Article — also include other data at the discretion of the taxpayers issuing and/or receiving these settlement documents.

9. In cases prescribed by part 7 of Article 56 of the Code the tax invoice, and in cases prescribed by the Code, also the adjusting tax invoice issued by the resident organisation of the Republic of Armenia, resident natural person and permanent establishment of the Republic of Armenia shall indicate — as the identification number of the taxpayer supplying goods, performing work and/or providing service and taxpayer identification number of a VAT payer — the taxpayer identification number of the resident organisation of the Republic of Armenia, resident natural person or permanent establishment of the Republic of Armenia and the taxpayer identification number of the VAT payer.

10. Where the goods are acquired, the work is accepted and/or the service is received from a non-resident organisation having no permanent establishment in the Republic of Armenia or a non-resident natural person having no permanent establishment in the Republic of Armenia, in case of absence of certain data referred to in parts 4-7 of this Article in the settlement documents issued with respect to these transactions and referred to in points 3 and 4 of part 2 of this Article the settlement documents shall be considered to be complying with the requirements prescribed by this Article where:

(1) there is a written contract concluded between the parties executing a transaction as prescribed by the legislation of the Republic of Armenia wherein all the data the settlement document lacks are specified and the settlement document makes reference to that contract; or

(2) the transaction is executed on the basis of the written power of attorney issued by the party executing the transaction wherein all the data the settlement document lacks are specified.

11. ***(part repealed by HO-280-N of 1 June 2020)***

12. Expenses for transactions and operations not prescribed by point 2 of part 1 of this Article (including calculating the salary of the employees, paying state and local taxes, duties, fees and other fees not prescribed by the Code), as well as for services provided by payment and settlement system or credit organisations may be documented on the basis of documents not considered settlement documents.

12.1. The Government shall establish other procedure for cost documentation due to force majeure — that is as a consequence of emergency and unpreventable circumstances in given conditions.

13. Expenses for works accepted and/or services received within the framework of civil law contracts concluded with natural persons not deemed individual entrepreneurs and notaries; agricultural products acquired from natural persons not deemed individual entrepreneurs and notaries and engaged in production of agricultural products; property purchased from natural persons not deemed individual entrepreneurs and notaries or property used under lease; goods acquired, works accepted and/or services received from a non-resident organisation registered in but having no permanent establishment in the Republic of Armenia or from a non-resident natural person registered in but having no permanent establishment in the Republic of Armenia, as well as expenses generated with respect to property invested in the authorised capital (share capital) may be documented as other documents not considered settlement documents, drawn up in the manner prescribed by the legislation where they contain data specified in points 2, 3 and 7-10 of part 4 of this Article (except for sub-point “a” of point 9 and sub-point “a” of point 10 for individual entrepreneurs and natural persons not considered a notary) subject to mandatory inclusion in the tax invoice or the adjusting tax invoice. The Government may prescribe other procedure for cost documentation prescribed by this part.

14. Pursuant to part 13 of this Article, other documents not considered settlement documents and drawn up in the manner prescribed by the legislation shall be issued electronically. The Government shall establish the cases of, procedure and time limits for issue of other documents not considered settlement documents and drawn up in the manner prescribed by the legislation.

(Article 55 supplemented and amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, amended, edited and supplemented by HO-68-N of 25 June 2019, supplemented and amended by HO-280-N of 1 June 2020, supplemented by HO-321-N of 18 June 2020, HO-245-N of 26 May 2021, HO-340-N of 25 October 2023, HO-375-N of 22 November 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-340-N of 25 October 2023 has a transitional provision)

(Article as amended by Law HO-491-N of 4 December 2024 shall enter into force on the tenth day following the day of completing the relevant software operations required for the implementation of the provisions prescribed by Articles 1 and 2 of the same Law)

Article 56. Issuance, declaration as invalid, cancellation of a settlement document

1. The organisation, individual entrepreneur and notary shall — with respect to the supply of goods, performance of work and/or provision of service — be obliged to issue relevant settlement documents prescribed by the Code.

2. The person supplying goods, performing work and/or providing service, who/which applies special programmes for issuing settlement documents (billing systems) or utilising cash register as prescribed by Chapter 74 of the Code with respect to transactions involving retail trade, performance of works for the population and/or provision of services to the population need not issue a tax invoice or tax bill, where the persons purchasing the goods, accepting the work and/or receiving the service do not require issuance of a tax invoice or a tax bill.

3. Settlement documents shall be issued in electronic form, except for:

(1) cash register receipt provided for by Article 380 of the Code, as well as the settlement documents containing information considered secret and/or subject to limited use;

(2) cases prescribed by the Government when the settlement documents may be issued as prescribed by the Government.

4. Settlement documents shall be issued upon supplying goods, completing the performance of work (including in accordance with the stages provided for by the contract) and/or completing the provision of services (including in accordance with the stages provided for by the contract), except for the cases prescribed by parts 8 and 8.1 of this Article, and the consignment note shall be issued before the transportation of goods.

5. Within the framework of the joint activity carried out as prescribed by Chapter 5 of the Code:

(1) settlement documents serving as a basis for the calculation of taxes on executed transactions shall be issued by the reporting participant of a joint activity or shall be received in the name of the reporting participant of a joint activity;

(2) one copy of the settlement document for acquiring assets and services, accepting works and receiving services relating to the investments made by reporting participants of a joint activity in the joint activity along with one copy of acceptance delivery acts reflecting the quantity of relevant assets and volumes of services shall be communicated to the reporting participant of a joint activity. The participants communicating them shall also be obliged to also keep with them one copy of each document referred to in this point in accordance with the procedure and within the time limits prescribed by the Code.

6. Organisations and individual entrepreneurs considered to be delegatees or agents supplying goods or performing work or providing service under the contracts of delegation or agency envisaging a condition of acting on behalf of the principal may — on behalf of the delegator or the principal respectively — issue tax invoices, adjusting tax invoices, tax invoices of VAT refund, as well as invoice or adjustment invoice, where a power of attorney to issue such settlement documents has been issued to the delegatee or the agent. In cases prescribed by the Code, the settlement documents issued by the delegatee or the agent shall, in addition to the data thereof, be also completed with the information referred to in part 4 of Article 55 of the Code pertaining to the delegatee or principal.

7. In case the responsibility for calculation and payment of the value added tax on the transaction of supplying goods, performing work or providing service executed in the Republic of Armenia by a non-resident organisation with no permanent establishment in the Republic of Armenia is, pursuant to Section 4 of the Code, borne by an organisation, individual entrepreneur, notary or permanent establishment resident in the Republic of Armenia, the tax invoice for such transaction, and in cases prescribed by the Code, also the adjusting tax invoice shall be issued by the organisation, individual entrepreneur, notary or permanent establishment resident in the Republic of Armenia.

8. Based on the peculiarities of organisation of the activities:

(1) settlement documents provided for by points 1-4 of part 2 of Article 55 of the Code may be issued in advance, provided that the goods specified in that settlement document are supplied on the day of supply of goods indicated in the settlement document or works are performed or performance thereof is completed on the day of performance of works or day of completing the performance of works indicated in the settlement document, or services are provided or provision thereof is completed on the day of provision of services or the day of completing the provision of services indicated in the settlement document;

(2) settlement documents with regard to transactions for providing public services or utility services may be issued after completing the provision of services for the calculation period;

(3) in cases prescribed by part 7 of this Article, where it is impossible to issue the tax invoice within the time limits prescribed by this Article, the tax invoice shall be issued on the day of actually receiving the settlement or payment document submitted by the supplier with regard to the value of goods, work or service.

8.1. In accordance with Articles 380 and 380.1 of the Code, the users of a cash register machine may — when making retail sale (delivery), performing works for the public or providing services to the public upon orders — print (generate) the cash register receipts in advance, provided that in case of supply (delivery) of goods, they shall be printed (generated) prior to bringing the goods being delivered out from the place of delivery or point of delivery.

9. Settlement documents issued as prescribed by parts 5-7 of this Article shall, for the purposes of the Code, amount to the settlement documents issued by the organisation or natural person supplying goods, performing work and/or providing service.

10. The settlement document relating to the transaction involving supply of goods, performance of work and/or provision of service may — upon the initiative of the organisation, individual entrepreneur or notary supplying goods, performing work and/or providing service — be cancelled in the following cases:

(1) the settlement document has been issued in the name of the taxpayer, to whom goods were not supplied, for whom work was not performed, and/or to whom service was not provided;

(2) the tax invoice has been issued in violation of one of the restrictions prescribed by Article 67 of the Code;

(3) in cases prescribed by point 2 of part 11 of Article 345 of this Code;

(4) the settlement document relating to supply of goods, performance of works or provision of services has been filled in with mistakes, which may give rise to legal or financial consequences (for instance penalties, restrictions on expense entry or offsetting) for the issuer or receiver thereof;

(5) any data (quantity (volume), price, excise tax, rate of value added tax or amount of value added tax) used in the calculation of the overall value of goods supplied, work performed or service provided on the basis of the settlement document has been filled in with mistakes.

The cancelled settlement document shall not give rise, for parties thereto, to legal consequences prescribed by the Code, including rights and obligations.

11. The settlement document previously issued in respect of the transaction declared invalid shall be subject to being declared invalid.

11.1. No settlement document (including adjusting settlement document) may be issued with respect to the transaction, since the tax year covering the day of performance of which three tax years have passed.

12. The procedures for issuing, declaring invalid and cancelling the settlement document shall be prescribed by the Government.

13. An adjusting tax invoice or an adjusting tax bill shall be issued with respect to the transaction subject to adjusting.

(Article 56 amended, supplemented and edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented and amended by HO-338-N of 21 June 2018 and by HO-280-N of 1 June 2020)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

Article 57. Mandatory requirements for documenting the transactions of supply or transportation of goods

1. Supply or transportation of goods considered to be movable, tangible property (except for goods transported for the purpose of exploiting and/or carrying out the maintenance of public service infrastructures by taxpayers providing public services, fixed assets transported by taxpayers carrying out activities in the spheres included in the list prescribed by the Government, as well as the goods with pipelines and power lines and the foreign currency) and supplied or transported within the territory of the Republic of Armenia shall mandatorily be carried out with the accompanying documents.

2. Goods transported by the taxpayer shall be accompanied by the consignment note certifying the transportation of goods and issued in accordance with the defined procedure, in cases prescribed by the Code, be accompanied by the adjusting tax invoice or the adjustment invoice, in cases prescribed by the Code, be accompanied by the cash register receipts, and the transportation of goods imported into the territory of the Republic of Armenia and transported:

a. in case of import into states not considered EAEU members, by the customs declaration of import of goods;

b. in case of import by land transport from EAEU member states, be accompanied by the transit declaration, and in case of import by air transport — by the settlement document of airway.

2.1. The electronic receipt of the electronic cash register issued (generated) through the procedure prescribed by the Government shall be considered to be an accompanying document within the meaning of this Article.

3. For the purposes of this Article, the following shall be considered goods supplied or transported without the accompanying document:

(1) goods or a part thereof (surplus in quantity as compared to the accompanying documents) actually being supplied or transported without the relevant accompanying document prescribed by the Code;

(2) goods actually being supplied or transported with the accompanying document of supply or transportation failing to meet the requirements of the Code;

(3) actually supplied goods (including transported by the person acquiring them) accompanied by the accompanying documents prescribed for the transportation of goods.

(4) ***(point repealed by HO-245-N of 26 May 2021)***

4. For the purposes of this Article, the goods supplied or transported or a part thereof (the surplus in quantity as compared to the accompanying document) shall be considered to be without an accompanying document also when they are actually supplied or transported with the accompanying documents issued in the manner prescribed for goods already supplied or transported.

5. For the purposes of this Article, the requirements of the Code for the accompanying settlement documents shall be considered not met where these settlement documents lack the following requisites:

(1) series and number of the accompanying document;

(2) date of issue of the accompanying document;

(3) date of supply or transportation of goods;

(4) data of the taxpayer supplying or transporting the goods (except for the case of transportation by the acquiring person), required under Article 55 of the Code;

(5) address of the place of delivery or data of the point of delivery (make and state licence plate of the vehicle) wherefrom the goods are supplied or transported;

(6) the address of the place of destination of the supplied or transported goods except for the cases when the goods are handed over to the purchaser at the place of delivery;

(7) nomenclature and quantity of goods being the subject of transaction and supplied (transported, in case of transportation by the person acquiring the goods), overall value of goods, in total;

(8) nomenclature and quantity of goods transported;

(9) data of the purchaser (receiver) of the goods being supplied or transported, prescribed by Article 55 of the Code, for natural persons, name and surname.

6. For the purposes of part 5 of this Article:

(1) in case of places of delivery or places of destination having no address (being a geographical object outside settlements), name of the administrative and territorial unit shall be indicated as the address of the place of destination, in the territory of which the indicated place and famous name of the given place are, and in case of absence of a name, the requisites more typical for the given place;

(2) requirements for the accompanying settlement document shall be considered to be met also in the cases when there are insignificant deficiencies (misprints, inaccuracies of non-legal nature and omissions), provided that the existing requisites, in essence, justify the compliance with the requirements of part 5 of this Article.

7. The provisions of this Article with respect to the goods being supplied or transported without an accompanying document shall not extend to the goods sold by the taxpayer when the application of cash registers is mandatory, except for itinerant trade points and cases prescribed by part 8.1 of Article 56 of the Code. The provisions of this Article with respect to the goods supplied or transported without an accompanying document shall extend to the goods transported by taxpayers acquiring the goods, irrespective of the fact that the application of cash registers is mandatory for the taxpayer selling the goods.

(Article 57 supplemented and amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, amended and supplemented by HO-280-N of 1 June 2020, amended by HO-245-N of 26 May 2021)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Article as amended by Law HO-491-N of 4 December 2024 shall enter into force on the tenth day following the day of completing the relevant software operations required for the implementation of the provisions prescribed by Articles 1 and 2 of this same Law)

PART 2

SPECIAL PART

SECTION 4

VALUE ADDED TAX

CHAPTER 11

(Chapter, as amended by Article 14 of Law HO-68-N of 25 June 2019, shall enter into force on 1 January 2020)

VALUE ADDED TAX AND TAXPAYERS

Article 58. Value added tax

1. Value added tax shall be a state tax paid to the State Budget in the manner, amount and within the time limits prescribed by the Code for carrying out transactions and/or operations considered to be a taxable object prescribed by Article 60 of the Code.

Article 59. Value added tax payers

1. Unless otherwise prescribed by parts 2, 2.1 and 3 of this Article, the organisations, individual entrepreneurs and notaries record-registered as VAT payers with the relevant tax authority in conformity with point 1 of part 4 of this Article shall be considered VAT payers in the following cases and within the following time limits:

(1) starting from 1 January of the given tax year until the end of the given tax year, where the taxpayer — as of 1 January of the given year, pursuant to Section 13 of the Code — may not be considered a turnover taxpayer or failed to submit, within the time limits prescribed by Section13 of the Code, to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority and being considered an entity of micro-entrepreneurship as approved by the tax authority;

(2) the organisation having been granted state registration (in cases prescribed by law, record-registered) during the tax year, or the natural person record-registered as individual entrepreneurs or appointed as a notary, starting from the day of state registration (in cases prescribed by law, record-registration) or the day of record-registration as an individual entrepreneur or appointment as a notary until the end of the year respectively, where the taxpayer may not, as of the day of state registration (in cases prescribed by law, record-registration) or the day of record-registration as an individual entrepreneur or appointment as a notary respectively, pursuant to Section 13 of the Code, be considered a turnover taxpayer or failed, within the time limits prescribed by Section13 of the Code, to submit to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority and being considered an entity of micro-entrepreneurship as approved by the tax authority;

(3) the organisation or individual entrepreneur ceasing to be considered an entity of micro-entrepreneurship during the tax year, starting from the day of ceasing to be considered to be an entity of micro-entrepreneurship until the end of the tax year, where the taxpayer, as of the day of ceasing to be considered an entity of micro-entrepreneurship, pursuant to Section 13 of the Code, may not be considered a turnover taxpayer or failed, within the time limits prescribed by Section 13 of the Code, to submit to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority. In cases prescribed by this point the taxpayer shall, starting from the day of ceasing to be considered an entity of micro-entrepreneurship, submit a statement on being considered a VAT payer and being record-registered as a VAT payer (hereinafter referred to as the statement) as approved by the tax authority stating the relevant ground and day of ceasing to be considered an entity of micro-entrepreneurship;

(4) starting from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the declaration) until the end of the tax year indicated in the statement, where

the taxpayer has submitted a statement to the tax authority making an indication of the fact of ceasing to be considered a VAT payer and being record-registered as a VAT payer. Where the taxpayer, pursuant to Section 13 of the Code, ceases to be considered a turnover taxpayer before the day indicated in the statement, the turnover taxpayer shall be considered a VAT payer as prescribed by point 5 of this part (the statement is not taken into consideration). Where pursuant to Section 13 of the Code the taxpayer has ceased to be considered an entity of micro-entrepreneurship before the day indicated in the statement, and where the taxpayer, as of the day of ceasing to be considered an entity of micro-entrepreneurship, pursuant to Section 13 of the Code, may not be considered a turnover taxpayer or failed to submit, within the time limits prescribed by Section 13 of the Code, to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority, the entity of micro-entrepreneurship shall, in the manner prescribed by point 3 of this part, be considered a VAT payer (the statement shall not be taken into account);

(5) starting from the point in the tax year until the end of the given tax year from which the taxpayer shall, pursuant to Section 13 of the Code, cease to be considered a turnover taxpayer in the given tax year. Moreover, in case of being considered a VAT payer on the ground of exceeding the threshold of the amount of AMD 115 million of sales turnover with respect to all types of activities in the tax year, the VAT shall be calculated and paid in the amount exceeding the VAT threshold. Starting from the day of emergence of one of the grounds for ceasing to be considered a turnover taxpayer until the 20th day inclusive following that day the taxpayer shall submit a statement to the tax authority indicating the relevant ground and day of ceasing to be considered a turnover taxpayer.

2. The non-commercial organisations, as well as the organisations and the individual entrepreneurs producing agricultural products, which are record-registered with the tax authority as VAT payers in accordance with point 1 of part 4 of this Article, shall be considered VAT payers in the following cases and within the following time limits:

(1) starting from 1 January of the given year until the end of the given year, in case the sales turnover of the organisation or individual entrepreneur with respect to all types of activities in the previous tax year calculated as prescribed by part 2 of Article 254 of the Code has exceeded AMD 115 million;

(2) starting from the point in the tax year until the end of the given tax year from which the sales turnover of the organisation or individual entrepreneur with respect to all types of activities in the previous year calculated as prescribed by part 2 of Article 254 of the Code has exceeded AMD 115 million. Moreover, in case of being considered a VAT payer on the ground of exceeding the threshold of AMD 115 million of sales turnover with respect to all types of activities in the tax year, the VAT shall be calculated and paid in the amount exceeding the VAT threshold. Starting from the day of exceeding AMD 115 million of sales turnover with respect to all types of activities until the 20th day inclusive following that day the taxpayer referred to in this part shall submit to the tax authority a statement indicating the day of exceeding the VAT threshold;

(3) starting from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the statement) until the end of the tax year indicated in the statement, in case where the organisation or individual entrepreneur submits a statement to the tax authority making an indication of the fact of being considered a VAT payer and being record-registered as a VAT payer. Where AMD 115 million of sales turnover, calculated as prescribed by part 2 of Article 254 of the Code, with respect to all types of activities of the taxpayer indicated in this part is exceeded before the day indicated in the statement, the taxpayer referred to in this part shall be considered to be a VAT payer as prescribed by point 2 of this part (the statement shall not be taken into consideration).

Where the organisation or individual entrepreneur carries out other activities along with the production of agricultural products, they shall be considered to be VAT payers in the cases and within the time limits prescribed by part 1 of this Article.

2.1. The organisations and individual entrepreneurs carrying out activities in the sphere of public catering, record-registered as VAT payers with the tax authority in conformity with point 1 of part 4 of this Article shall be considered VAT payers in the following cases and within the following time limits:

(1) starting from 1 January of the given tax year until the end of the given tax year, where the organisation or individual entrepreneur failed to submit, within the time limits prescribed by Section 13 of this Code, to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority;

(2) the organisation having been granted state registration (in cases prescribed by law, record-registered) during the tax year or the natural person record-registered as an individual entrepreneur, starting from the day of state registration (in cases prescribed by law, record-registration) or the day of record-registration as an individual entrepreneur until the end of the given tax year respectively, where the taxpayer failed to submit, within the time limits prescribed by Section 13 of the Code, to the tax authority a statement on being considered a turnover taxpayer as approved by the tax authority;

(3) from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the statement) until the end of the tax year indicated in the statement, where the

taxpayer has submitted a statement to the tax authority making an indication of the fact of being considered a VAT payer and being record-registered as a VAT payer.

3. Organisations record-registered with the tax authority as VAT payers in conformity with point 2 of part 4 of this Article shall be considered VAT payers starting from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the statement) until the end of the tax year indicated in the statement.

4. The following shall be record-registered as VAT payers with the tax authority as prescribed by Section 14 of the Code:

(1) organisations (except for the organisations prescribed by point 2 of this part), individual entrepreneurs and notaries;

(2) in case of submitting a statement voluntarily:

a. the Republic of Armenia represented by state authorities;

b. the communities of the Republic of Armenia represented by community administration institutions;

c. the Central Bank of the Republic of Armenia.

5. Organisations and individual entrepreneurs not record-registered with the tax authority as VAT payers shall not be considered VAT payers but in case of carrying out transactions and/or operations prescribed by Article 60 of the Code and considered a taxable object, they shall, in the manner, in the amount and within the time limits prescribed by the Code, be obliged to calculate and pay to the State Budget the VAT amounts arising from these transactions and/or operations, except for cases prescribed in the second paragraph of this part.

In cases when non-commercial organisations and the organisations and individual entrepreneurs producing agricultural products carry out, as prescribed by points 1 and 2 of part 1 of Article 60 of the Code, transactions considered to be taxable objects, which do not exceed AMD 115 million of sales turnover with respect to all types of activities, calculated in the manner prescribed by part 2 of Article 254 of the Code (except for the transactions involving supply of goods not considered to be agricultural products), as well as in the case prescribed by part 2 of Article 70 of the Code, they shall not be obliged to calculate and pay to the state budget VAT from those transactions in the manner, amount and within the time limits prescribed by the Code.

6. Natural persons not acting as individual entrepreneurs and notaries shall not be considered VAT payers, but shall be obliged to calculate and pay to the State Budget VAT amounts arising from the following operations in the manner, in the amount and within the time limits prescribed by the Code, where:

(1) they import goods into the territory of the Republic of Armenia from EAEU member states, except for the case prescribed by part 7 of this Article, the import of which, pursuant to the Law of the Republic of Armenia “On customs regulations”, is considered import for the purposes of entrepreneurial activities;

(2) they import goods into the territory of the Republic of Armenia from non-member states of the EAEU, the import of which, pursuant to the Law of the Republic of Armenia “On customs regulation”, is considered import for the purpose of entrepreneurial activity, and in case of import of which, in accordance with the Customs Code of the Eurasian Economic Union approved by Annex No 1 of the Treaty on the Customs Code of the Eurasian Economic Union of 11 April 2017, customs duties and taxes charged in the form of a lump sum customs fee are applied;

(3) non-resident natural persons having no permanent establishment carry out operations involving import of goods considered VAT taxable object.

7. Within the scope of electronic trade of goods, where in accordance with point 2 of part 1 of Article 37 of the Code the place of supply of goods is considered the Republic of Armenia, in terms of those transactions, the non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia and operating the electronic trading platform, shall be obliged to calculate and pay VAT in the manner, amount and within the time limits prescribed by the Code.

(Article 59 amended, supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, edited by HO-355-N of 14 September 2022, supplemented by HO-595-N of 23 December 2022, amended by HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

CHAPTER 12

OBJECTS, TAX BASE AND RATES OF TAXATION BY VALUE-ADDED TAX

Article 60. VAT taxable object

1. The following transactions and operations shall be considered VAT taxable objects:

(1) the supply of goods where the place of supply of goods is, pursuant to Article 37 of the Code, considered the Republic of Armenia;

(2) performance of work and/or provision of service. For the purposes of this point, provision of service (except for the cases prescribed by part 3 of this Article) shall also mean:

a. providing goods for lease or use, as well as provision of the property by leasing (types thereof) in terms of the amount of the interest;

b. providing a loan;

c. alienating intangible assets;

d. providing use of intangible assets;

(3) import of goods into the Republic of Armenia under the customs procedure “Release for domestic consumption”;

(4) import of goods having the status of EUEA goods into the Republic of Armenia from the EUEA member states.

2. The transaction of supply of goods shall not be considered VAT taxable object where the place of supply of goods, pursuant to Article 37 of the Code, is not considered to be the Republic of Armenia.

3. The transaction on provision of the transport service related to the transportation of cargo, mail and/or passengers via any type of vehicle shall not be considered VAT taxable object, if it starts and ends outside the territory of the Republic of Armenia. For the application of this part, intermediary activities for organising the transportation of cargo, mail and/or passengers through (with the involvement of) other organisations and/or natural persons, which originates outside the territory of the Republic of Armenia and finishes outside the territory of the Republic of Armenia, shall be deemed to be transportation services.

(Article 60 supplemented by HO-266-N of 21 December 2017, supplemented by HO-338-N of 21 June 2018, edited by HO-321-N of 18 June 2020, supplemented by HO-517-N of 7 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and a transitional provision)

Article 61. Tax base for value added tax

1. In case of transactions involving supply of goods, performance of work or provision of service, unless otherwise prescribed by Article 62 of the Code, the VAT tax base shall be considered to be the value thereof expressed in monetary terms, without VAT.

2. In case of import of goods into the Republic of Armenia under the customs procedure “Release for domestic consumption”, unless otherwise prescribed by Article 62 of the Code, the VAT tax base shall be considered to be the sum total of the customs value, customs duty determined as prescribed by the EAEU unified customs legislation, and pursuant to Section 5 of the Code, in case of import of excisable goods, also of the excise tax calculated as prescribed by the Code.

3. In case of import of goods having the status of the EUEA goods into the Republic of Armenia from the EUEA member states, unless otherwise prescribed by Article 62 of the Code, the VAT tax base shall be considered to be the value of acquisition of imported goods, and pursuant to Section 5 of the Code, in case of import of excisable goods, the total amount of the value of acquisition of imported goods and the excise tax calculated as prescribed by the Code.

4. In case of transaction of supply of goods having the status of the EAEU goods and exported from the territory of the Republic of Armenia under the customs procedure “Export”, as well as exported to the EAEU member states, the VAT tax base shall be considered to be the customs value calculated as prescribed by the Law of the Republic of Armenia “On customs regulation”.

Article 62. Peculiarities of determining the tax base for the value added tax

1. When determining the VAT tax base of the transaction of supply of goods, the following shall

also be added to the tax base prescribed by part 1 of Article 61 of the Code:

(1) pursuant to Section 5 of the Code, in case of supply of excisable goods, the amount of the excise tax calculated as prescribed by the Code;

(2) pursuant to Section 8 of the Code, in case of supply of goods subject to taxation by nature protection tax, the amount of nature protection tax calculated as prescribed by the Code.

2. In case of supply of containerised goods, the cost of the container shall be included in the VAT tax base.

3. In case of transactions for import and/or supply of tobacco products, the maximum retail price marked on the package of the cigarettes as prescribed by the Government without VAT shall be considered to be the VAT tax base.

4. In the manner prescribed by the EAEU unified customs legislation:

(1) in case of import of the product derived from the raw material exported from the territory of the Republic of Armenia under the customs procedure “Processing outside the customs territory” for the purpose of processing or exported to the EAEU member states for the purpose of processing, the cost of works and/or services relating to the processing of the raw material shall be considered to be the VAT tax base, and in case of producing a new product as a result of processing of the raw material and subject to taxation by excise tax pursuant to Section 5 of the Code shall include also the amount of the excise tax calculated for that new product as prescribed by Section 5 of the Code;

(2) in case of import of the property exported from the Republic of Armenia under the customs procedure “Processing outside the customs territory” for the purpose of repairing (mending) or exported to the EAEU member states for the purpose of repairing (mending), the value of spare parts, parts, components, other fitting elements used for repairing (mending) that property shall be considered to be the VAT tax base.

In cases prescribed by this part, where there is a lack of documents (including contracts, settlement documents) drawn up between the parties to the transaction or these documents do not specify the cost of processing work and/or services of the raw material, spare parts, parts, components, other fitting elements used for repairing (mending) the property, the following shall be considered to be the VAT tax base:

a. in case of import of a product derived from the raw material exported from the territory of the Republic of Armenia under the customs procedure “Processing outside the customs territory” for the purpose of processing, the positive difference of the customs value of the imported product resulting from the processing and the customs value of exported raw material, and in case of producing a new product as a result of processing of the raw material subject to taxation by excise tax under Section 5 of the Code, the VAT tax base shall also include the amount of the excise tax calculated for that new product as prescribed by Section 5 of the Code;

b. in case of import of a product derived from the raw material exported to the EAEU member states for the purpose of processing, the positive difference of the book value of the imported product resulting from the processing, and in case of producing a new product resulting from the processing of the raw material subject to taxation by excise tax under Section 5 of the Code, the VAT tax base shall also include the amount of excise tax calculated for that new product as prescribed by Section 5 of the Code if that amount is not included in the book value of imported product resulting from the processing;

c. in case of import of the property exported from the territory of the Republic of Armenia under the customs procedure “Processing outside the customs territory” for the purpose of repairing (mending) — the positive difference of the customs value of the repaired (mended) property being imported and the customs value of the exported property;

d. in case of import of the property exported to the EAEU member states for the purpose of repairing (mending), the positive difference of the book value of the repaired (mended) property being imported and the book value of the exported property.

5. In the manner prescribed by the EAEU unified customs legislation:

(1) in case of export of goods imported into the Republic of Armenia under the customs procedure “Processing within the customs territory” for the purpose of processing or export of goods derived from the raw material imported into the Republic of Armenia from the EAEU member states for the purpose of processing, the cost of works and/or services relating to the processing of the raw material shall be considered to be the VAT tax base;

(2) in case of export of the property imported into the Republic of Armenia under the customs procedure “Processing within the customs territory” for the purpose of repairing (mending) or imported into the Republic of Armenia from the EAEU member states for the purpose of repairing (mending), the value of spare parts, parts, components, other fitting elements used for repairing (mending) that property shall be considered to be the VAT tax base.

In cases prescribed by this part, where there is lack of documents (including contracts, settlement documents) drawn up between the parties to the transaction or these documents do not envisage the cost of works and/services relating to the processing of the raw material, of spare parts, parts,

components, other fitting elements used for repairing (mending) the property:

a. in case of export of the product derived from the raw material imported into the Republic of Armenia under the customs procedure “Processing within the customs territory” for the purpose of processing, the positive difference of the customs value of the exported product resulting from the processing and the customs value of imported raw material shall be deemed to be the VAT tax base;

b. in case of export of the product derived from the raw material imported into the Republic of Armenia from the EAEU member states for the purpose of processing the VAT tax base shall be deemed to be 0;

c. in case of export of the property imported into the Republic of Armenia under the customs procedure “Processing within the customs territory” for the purpose of repairing (mending), the positive difference of the customs value of the repaired (mended) property being exported and the customs value of the imported property shall be deemed to be the VAT tax base;

d. in case of export of the property imported into the Republic of Armenia from the EAEU member states for the purpose of repairing (mending) the VAT tax base shall be deemed to be 0.

6. In case of transactions without compensation for supply of goods, performance of work or provision of service or with compensation at a significantly lower cost than the actual value, the VAT tax base shall be deemed to be 80 per cent of the actual value of these transactions, except for the cases prescribed by part 7 of this Article. For the purposes of this part:

(1) it is considered that the transaction deemed to be the object of VAT taxation has been executed at a significantly lower cost than the actual value where the compensation value thereof (without VAT) is less by 20 per cent and more than the actual value (without VAT) of the transaction of supply of identical goods, and in case of absence thereof — of similar goods, performance of similar work or provision of similar service, except for the following:

a. transactions executed through public biddings in cases prescribed by law;

b. transactions of supply of goods or performance of work or provision of service, which are executed by the taxpayer at a lower cost equivalent to the amount of the trade discount specified in a written act adopted previously or another legal act adopted previously, and that trade discount shall, within the time limits prescribed by the acts referred to in this sub-point, be reflected in the settlement documents issued by the taxpayer;

(2) for the purpose of determining the actual value of the transaction in order of priority referred to in this point, the following shall be taken as a basis:

a. VAT tax base, calculated as prescribed by the Code in case of supply of the identical goods, performance of identical work or provision of identical service by the given taxpayer in comparable circumstances, and in case it is unavailable, the value, which is taken as a basis for the VAT tax base in case of supply of identical goods, performance of identical work or provision of identical service within business circles in comparable circumstances, or

b. VAT tax base, calculated as prescribed by the Code in case of supply of similar goods, performance of similar work or performance of similar service by the given taxpayer in comparable circumstances, and in case it is unavailable, the value, which is taken as a basis for the VAT tax base in cases of supply of similar goods, performance of similar work or performance of similar service within business circles in comparable circumstances.

For the purposes of this point, the comparable circumstances of the transactions of supply of identical or similar goods, performance of identical or similar work or provision of identical or similar service shall be determined based on the transactions of supply of identical or similar goods, performance of identical or similar work or identical or similar service within 365 days preceding the day of performance of the relevant transaction.

7. Based on decisions of the Government, in case of transactions without compensation for supply of goods, performance of work or provision of service by the VAT payer, the VAT tax base shall be considered AMD 0, and in case of transactions with compensation at a lower cost than the actual value, the VAT tax base shall be considered to be the amount of compensation receivable, without VAT.

8. In case of alienation of buildings, constructions (including unfinished, half-finished), residential or other areas, land parcels, the VAT tax base shall be determined as prescribed by Article 61 of the Code and this Article, but not less than 80 per cent of the immovable property tax base determined therefor as prescribed by Article 228 of the Code, except for the case prescribed by this part. In case of alienation of buildings, constructions (including unfinished, half-finished), residential or other areas having undergone state registration after 1 January 2021 on the basis of the contract on the right of purchase of immovable property, the value added tax base shall be determined by Article 61 of the Code and in accordance with the procedure prescribed by this Article, but not less than 80 per cent of the settlement price of immovable property calculated by the procedure as prescribed by the law defining the cadastral valuation procedure approximated to the market value of the immoveable property for the purpose of taxation under the immovable property tax, as in force as of the state registration date of the right of purchase of immovable property, and calculated on the basis of qualitative and quantitative characteristics of immovable property as of the date of alienation of the

immovable property.

In case the owner of the property to be alienated (having been alienated) for the purpose of ensuring overriding public interests is compensated with apartments, residential houses or other premises in a constructed block of flats (including multifunctional) or in a subdivided building, the value determined by part 1 of Article 11 of the Law of the Republic of Armenia “On the alienation of property for the purpose of ensuring overriding public interests” shall be considered to be the VAT tax base.

The provisions of the first paragraph of this part shall not apply:

(1) where the state or the community is considered a party to the transaction of alienation of the property prescribed by the first paragraph of this part (except for the cases when the transaction is executed through another organisation);

(2) in case of transactions entered by a bank or a credit organisation for alienation of property prescribed by the first paragraph of this part, over which the right of pledge of the bank or credit organisation was registered before the entry into force of the Law of the Republic of Armenia "On establishing the cadastral appraisal procedure approximated to the market value of immoveable property for the purpose of taxation with immoveable property tax", and that property was transferred to the bank or credit organisation as a result of purchase in a compulsory or bankruptcy auction.

9. In case of transactions of providing buildings, constructions (including unfinished, half-finished), residential or other areas, land parcels under the right to lease or gratuitous use, the VAT tax base shall be determined in the amount prescribed by Article 31 of the Code and this Article, but not less than 80 per cent of cadastral value approximated to the market value of the immovable property valuated in accordance with the procedure prescribed by law (calculated net income — in case of land parcel of agricultural significance) (hereinafter in this paragraph referred to as “cadastral value”), and where it is unavailable, 2.5 per cent of cadastral value corresponding to the share of the area provided for lease or gratuitous use in the total area of the immoveable property, as calculated annually. The amount shall be equally allocated according to the entire VAT reporting periods.

In case of providing the property prescribed by this point under the right to lease or gratuitous use and /or terminating the right over that property to lease or gratuitous use during the VAT reporting period, the VAT tax base for abovementioned transactions during the reporting period shall be determined as the product of the tax base determined by the first paragraph of this point and the share of the days of providing, during the reporting period, the property under the right to lease or gratuitous use within the days included in the reporting period.

Within the meaning of applying the first paragraph of this part, in case where the construction (including the building, residential or other area) or the land parcel are severally given for lease or gratuitous use, then the cadastral value shall be deemed to be 80 per cent of cadastral value approximated to the market value of the construction or the land parcel severally (calculated net income — in case of land parcel of agricultural significance), and where the construction and the land parcel are jointly given for lease or gratuitous use — 80 per cent of the total cadastral value approximated to the market value of the construction and the land parcel.

Provisions of this part shall not apply, where the state or the community is considered a party to the transaction, prescribed by this part, of alienating or giving the property units for lease or gratuitous use (except for cases when the transaction is executed through another organisation).

10. In case of providing services by the delegatee based on the delegation contract, the VAT tax base for the delegatee shall be considered the amount payable to the delegatee (the amount of remuneration and the amount being paid as a compensation for the expenses incurred by delegatee on his own behalf) without VAT, the VAT tax base for the delegator shall be considered the total cost of supply of goods or performance of work or provision of service by the delegatee on the basis of the delegation contract, without VAT.

11. In case of supply of goods or performance of work or provision of service by a commission agent based on the commission contract (except for the case prescribed by this part), the VAT tax base for the commission agent shall be considered the total value (without VAT) of the goods supplied or work performed or service provided by him or her, and the VAT tax base for the commission principal shall be considered the difference of the value (without VAT) of the goods supplied or work performed or service provided by commission agent based on the commission contract and the amount (without VAT) payable to the commission agent. The VAT tax base for the commission agent shall be determined by the total value of the goods supplied or work performed or service provided by him or her also in cases when the goods acquired or the result of the work accepted or service received by the him or her from another person based on the commission contract is transferred to the commission principal.

Where the transaction of supply of goods or performance of work or provision of service based on the commission contract is not subject to VAT taxation or is subject to the 0 rate VAT taxation pursuant to the Code, the VAT tax base for the commission agent shall be considered the amount payable thereto (the amount of remuneration and the amount paid as compensation for expenses incurred by the commission agent on his or her behalf) without VAT.

12. In case of supply of goods or performance of work or provision of service by the agent based on the agency contract:

(1) where the agent acts on behalf of the principal or at the expense of the principal, the VAT tax base for the agent and the principal shall be determined by the rules of determination of the VAT tax base for the delegator and delegatee respectively prescribed by part 10 of this Article;

(2) where the agent acts on behalf thereof or at the expense of the principal, the VAT tax base for the agent and the principal shall be determined by the rules of determination of the VAT tax base for the commission agent and commission principal respectively prescribed by part 11 of this Article.

13. In case the products are produced from the raw material and materials provided by the customer or are bottled or otherwise containerised when the right of ownership to the raw materials, materials and products produced, bottled or otherwise containerised belongs to the client, the VAT tax base for the producer, person carrying out the bottling or otherwise containerisation shall be considered the cost of production, bottling or otherwise containerisation of products of those raw materials or materials, without VAT.

14. In case of supply of goods through auction, the VAT tax base for the auctioneer shall be considered the amount of commission (bonus, interest, etc.) given to the auctioneer by the owner of the supplied goods and/or another person, without VAT.

15. The VAT tax base for tourism activities shall be determined as prescribed by Article 61 of the Code and this Article excluding the amount paid by the tour operator or travel agent for the transportation of passengers.

16. The VAT tax base for transactions of supply of goods, performance of work or provision of service according to the tariffs set by the state or the authorised body shall be considered the total amount of the relevant tariff (without VAT) and the subsidies provided from the State Budget with respect to the application thereof (without VAT).

17. Where the amount subject to compensation for the supply of goods with respect to the transactions of supply of types of goods prescribed by the Government is, pursuant to the contract concluded, subject to verification based on the adjustment data (final quantity and quality characteristics of goods) after receiving the goods or completing the processing thereof, in case of supply of goods the VAT tax base shall be determined based on the settlement price per unit of goods determined in accordance with the data published by the foreign stock market or journal and on verified data envisaged by the contract for supply of the given goods (irrespective of the amount of compensation subject to payment as a result of final settlement). For the purposes of this part:

(1) data verified for the purpose of determining the tax base, the maximum limits on verification thereof, as well as the procedure (including the frequency of determination of the settlement price) for determination of the settlement price per unit of goods shall be established by the Government;

(2) in case of transaction of supply of goods, the increase or decrease in the amount (without VAT) subject to compensation for the supply of goods shall be included in the unified calculation report submitted to the tax authority for the reporting period covering the day the final amount subject to compensation for the supply of goods becomes known, as an increase or decrease in the VAT tax base.

18. The VAT tax base for the trustee with regard to the transaction executed as a result of the trust management of property and serving as VAT taxable object shall be deemed to be the total cost of the tax base determined for the transactions executed thereby and the trustor as prescribed by the Code.

19. The VAT tax base for the following financial transactions shall be determined as follows:

(1) VAT tax base for a transaction of buying and selling foreign currency shall be considered the positive difference of the cost of sale and acquisition of foreign currency;

(2) VAT tax base for accepting demand, term, savings and other similar deposits, opening, maintaining and carrying out the maintenance of bank and other accounts, as well as payment and settlement services shall be considered the fee charged for the provision of these services, without VAT;

(3) VAT tax base for services of providing loans (borrowings) shall be considered the yield in monetary terms, as well as the lump sum fee for the loan (borrowing) charged at the time of extending the loans (borrowings), certain periodic charges for servicing (including monitoring) the loan, the fee charged for processing the loan application, the fees charged for opening, maintaining and servicing loan accounts;

(4) VAT tax base for factoring services shall be considered the difference of the monetary claim conceded to the service provider and monetary funds transferred to the service user;

(5) VAT tax base for services of issuing suretyship, bank guarantees, letters of credit shall be considered the fee charged for the provision of these services, without VAT;

(6) the VAT tax base for transactions of issuing and/or alienating securities, including promissory notes, cheques, bills of exchange, other payment securities, settlement documents shall be considered the price of alienation of the securities, without VAT;

(7) VAT tax base for services of custody and record-keeping of the securities shall be considered the fee charged for the provision of these services, without VAT;

(8) VAT tax base for transactions of discounting, transferring, conceding promissory notes, cheques, bills of exchange, other payment securities, payment documents or maintenance services shall be considered the discount without VAT or the fee charged for the provision of maintenance service, without VAT;

(9) VAT tax base for transactions of issuing, discounting, transferring, conceding payment cards and other instruments or maintenance services shall be considered the fee for providing payment cards and other instruments, without VAT or the fee charged for maintenance services, without VAT;

(10) VAT tax base for the service of providing cash shall be considered the fee for cash-withdrawal charged for these services, without VAT;

(11) VAT tax base for services of trust management of securities shall be considered the fee (remuneration) charged for trust management services provided by the trustor, without VAT;

(12) in case of alienation of bank gold, the VAT tax base shall be considered the value of the bank gold, without VAT;

(13) VAT tax base for services of opening and maintaining bank gold accounts, executing other transactions through them shall be considered the service fee, without VAT;

(14) in case of alienation of the collateral that has become the property of a bank or credit organisation as prescribed by law and belonged to the natural person not considered an individual entrepreneur prior to that, the VAT tax base shall be considered the value of alienation of the collateral, without VAT;

(15) VAT tax base for services of receiving money (revenue, utility and other fees), as well as providing salary, pension, benefit, making insurance and other fees shall be considered the fee charged for these services, without VAT;

(16) where the contract on leasing (types thereof) provides that the right over the object of leasing may be transferred to the lessee upon the expiration of the contract or prior to its expiration, the VAT tax base shall be considered to be the amount of money corresponding to the value of the object of leasing receivable during the reporting period and the interest amounts receivable during the reporting period upon the contract, and where the contract on leasing (types thereof) does not provide that the right over the object of leasing may be transferred to the lessee upon the expiration of the contract or prior to its expiration, the VAT tax base shall be considered the interest amount receivable upon the contract on leasing (types thereof).

20. In case of alienation of goods subject to excise tax provided for by parts 4 and 5 of Article 88 of the Code, the VAT tax base is determined as prescribed by Article 61 and this Article of the Code, but not less than in the amount of the minimum prices (including the excise tax) for alienation prescribed by parts 4 and 5 of Article 88 of the Code, without VAT.

21. In case of alienation to a natural person who is not an individual entrepreneur and notary of the motor vehicle (including agricultural machinery) purchased by a VAT payer organisation and having a trade-in license for purchase of motor vehicle (including agricultural machinery), the VAT tax base shall be considered the positive difference of the VAT tax base calculated in accordance with the procedure prescribed by Article 61 of the Code and this Article during further alienation of the motor vehicle (including agricultural machinery) and the purchase price of the motor vehicle (including agricultural machinery) substantiated by the document drawn in accordance with part 13 of Article 55 of the Code.

(Article 62 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-407-N of 24 October 2018, supplemented by HO-68-N of 25 June 2019, edited by HO-321-N of 18 June 2020, supplemented, edited by HO-276-N of 4 June 2021, supplemented by HO-224-N of 27 May 2021, amended by HO-360-N of 17 November 2021, HO-454-N of 24 November 2022, amended and supplemented by HO-120-N of 22 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-276-N of 4 June 2021 has a final part and transitional provisions)

(Law HO-360-N of 17 November 2021 has a transitional provision)

(Law HO-454-N of 24 November 2022 has a final part and a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and a transitional provision)

Article 63. Value added tax rates

1. VAT against the tax base of transactions and operations considered to be the object of VAT taxation as prescribed by Article 60 of the Code shall be calculated at the rate of 20%, except for the

transactions and operations prescribed by Articles 64 and 65 of the Code.

2. The amount of VAT in the amount of compensation covering the amount of VAT for supply of goods, performance of work, provision of service shall be determined by the estimated value of 16.67 interest rate, where:

(1) an organisation or individual entrepreneur has not, in violation of the requirements of the Code, considered himself/herself/itself to be a VAT payer;

(2) an organisation, individual entrepreneur or notary considered to be a VAT payer has not indicated the VAT rates and amount in a separate line in the settlement documents issued with respect to transactions considered objects of VAT taxation and subject to taxation at the rate of 20 per cent of VAT;

(3) an organisation, individual entrepreneur or notary considered to be a VAT payer has not issued settlement documents with respect to the transactions considered objects of VAT taxation and subject to taxation at the rate of 20 per cent of VAT;

(4) The organisation, individual entrepreneur or the notary considered to be a VAT payer has only provided the buyer with a cash register receipt with regard to transactions and/or operations considered to be VAT taxable object.

3. The VAT for the tax base of transactions prescribed by Article 65 of the Code shall be calculated at the rate of 0 per cent.

(Article 63 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

CHAPTER 13

VALUE ADDED TAX BENEFITS AND ZERO-RATED TAXATION OF VALUE ADDED TAX

Article 64. Value added tax exempt transactions and operations

1. Exempting from VAT shall mean not calculating the VAT for the tax base of transactions and operations considered objects of VAT taxation as prescribed by Article 60 of the Code.

2. The following transactions and operations prescribed by Article 60 of the Code shall be exempt from VAT:

(1) provision of services of instruction at educational institutions of general education, child and youth creative and aesthetic centres, educational institutions of music, drawing, art and fine art, sports schools, vocational schools, educational institutions of qualification and re-qualification, secondary vocational and higher educational institutions. The concepts referred to in this point shall be used within the meaning and in the sense of the same concepts used in the Laws of the Republic of Armenia “On education”, “On general education” and “On higher and postgraduate professional education”;

(2) alienation of exercise books and music books, drawing books, children’s and school literature, school educational publications, scientific and educational publications published by higher educational institutions, specialised scientific organisations, the National Academy of Sciences of the Republic of Armenia. The scope of application of the benefits prescribed by this point shall be defined by the Government;

(3) carrying out scientific research and experimental development works in conformity with the criteria defined by the Government;

(4) carrying out activities within the framework of basic programmes of general education. The scope of application of the benefits prescribed by this point shall be defined by the Government;

(5) granting the right to participate in academic contests, tournaments, competitions of educational nature complying with standards recognised, guaranteed by the authorised body of the Republic of Armenia in the field of education and science and defined by the Government;

(6) provision of services relating to the keeping of children in preschool institutions, care for persons in boarding schools, orphanages, institutions for taking care of children with special needs or persons (children) with disabilities, nursing homes, as well alienation of goods made by the persons under care, performance of works, provision of services. The scope of application of the benefits prescribed by this point shall be defined by the Government;

(7) gratuitous supply of goods, gratuitous performance of works and/or gratuitous provision of services by non-governmental, charity, and religious organisations;

(8) performance of works at undertakings, cemeteries, and ceremony-related works carried out in relation to death and funeral, provision of services and alienation of related attributes;

(9) provision of services related to the organisation of religious ceremonies, alienation of religious attributes to religious organisations, as well as alienation of these attributes by religious organisations;

(10) import of goods, supply of goods, performance of works and provision of services by foreign countries, international intergovernmental (interstate) organisations, international, foreign non-governmental, charity, religious organisations, and similar organisations of the Republic of Armenia, by individual benefactors within the framework of humanitarian aid and charity programmes (activity), as well as supply of goods, performance of works and provision of services directly related to and of crucial importance to the implementation of such programmes. The classification of the programme (activity) as humanitarian aid and charity, as well as the framework of VAT exempt goods, works and services shall, pursuant to this point, be established by the Government, unless explicitly specified by the legislation of the Republic of Armenia (including international treaties of the Republic of Armenia);

(11) provision of medical aid and healthcare services, in particular, services related to the prevention of diseases, diagnosis, medical consultation, expert examination for treatment, rehabilitation purposes, medical expert examination;

(12) alienation of donated blood and the components thereof, breast milk, assistive technologies, medical devices and medical supplies, alienation of goods made by the patients within the framework of medical aid and healthcare services in the medical facilities. The scope of application of the benefits prescribed by this point shall be defined by the Government;

(13) property investment in the authorised or share capital by the state or the community;

(14) supply of goods to the state in the form of confiscation or donation. This point shall not extend to the transactions of supply of goods in the form of confiscation, in which case the transaction of supply of goods is subject to VAT taxation as prescribed by the Code;

(15) in case of voluntarily abandoning the land parcel, the alienation of the land parcel owned under the right of ownership to the community or the state;

(16) exchange of the land parcel or other immovable property where the party to that transaction is the state and/or the community;

(17) supply of goods, performance of works and/or provision of service within the framework of subsidy, subvention and grant programmes where the professional commission set up by the Government drew up a positive conclusion with regard to these programmes. The procedure of activities and the composition of the professional commission referred to in this point, as well as the procedures for qualifying, as preferred, changing and suspending the subsidy, subvention and grant programmes by the commission shall be prescribed by the Government;

(18) provision of services by the state administration bodies and/or local self-government bodies for which payment of state and/or local duty is prescribed by law, as well as supply of goods, performance of work and/or provision of service by state bodies and/or community governmental institutions for the part of the amount wherefrom the revenue has been credited to the state or community budgets. Within the meaning of this point, the crediting of the revenue or part thereof to the state or community budgets must be justified by the transfer thereof to the relevant treasury account;

(19) alienation of infrastructure assets owned by the concessioner (operator), outcome of improvement made in certain elements thereof or purchased or built or replaced infrastructure assets (tangible or intangible), certain elements within the composition thereof by the concessioner (operator) within the framework of conditions of transactions qualified by the authorised body of the Government as concession contract in accordance with the criteria defined by the Government Armenia during and at the end of the validity period of the concession contract, as well as provision of concession services to the grantor. For the purposes of this point:

a. concedent (grantor) shall mean a state or community body, which provides infrastructures of public services to the concessionaire (operator) for a certain period of time for the purpose of exploitation and/or service thereof;

b. concessionaire (operator) shall mean a resident organisation, which is provided with infrastructures of public services by the concedent (grantor) for the purpose of providing public service and/or improving it, and which exploits and/or carries out the maintenance of these infrastructures within the period of time prescribed;

(20) alienation of equipment and parts classified under CN FEA codes 8432, 8433, 8434, 8436, 8701, fertilizers classified under the codes of CN FEA 31 group, pesticides classified under the CN FEA codes 3808 91, 3808 92, 3808 93, 3808 94, 3808 99, bees classified under the CN FEA code 0106 41 000, insects useful for research purposes or for plant protection classified under the CN FEA code 0106 49 000, coconut (cashew nut) fiber-based substrates for growing plants and classified under the CN FEA code 1404 90 000 8, greenhouses classified under the CN FEA code 9406 90 310 0, as well as seeds and sprouts of crops and perennial seedlings;

(21) alienation by the direct manufacturer of hand-knotted carpets classified under CN FEA codes 5701 10, 5702 10 000 0 manufactured in the Republic of Armenia;

(22) alienation of irrigation water by water consumers companies;

(23) provision of services to an organiser of free economic zone and to an operator of free economic zone, performance of works for the organiser of free economic zone and operator of free economic zone, supply of goods within the territory of free economic zone;

(24) alienation of newspapers and magazines;

(25) alienation of precious and semi-precious stones specified in the list defined by the Government;

(26) alienation of precious metals (except for products (items) made of precious metals, including jewellery and other items), as well as half-finished products for use in jewellery made of precious metals and classified under CN FEA codes 7106, 7108, 7109 00 000 0, 7110, 7113, 7115;

(27) alienation of tobacco products by taxpayers not acting as a manufacturer of tobacco products and not acting as an importer of tobacco products, the maximum retail price whereof shall be subject to marking on the package of the tobacco products in the manner prescribed by the Government;

(28) alienation by a producer of a product containerised in a reusable returnable container of a reusable returnable container meeting the requirements prescribed by the Government;

(29) organisation of the operation of casinos;

(30) organisation of games of chance (including online games of chance), betting and internet betting;

(31) gratuitous provision of maintenance services with regard to the given goods within the warranty period prescribed the public contract for supply of goods, gratuitous supply of goods for the purpose of replacing the goods failing to comply with the quality determined within the framework of these services, elements complementing them, supply of goods and provision of services, the value of which is included in the value of goods supplied in accordance with the public contract. This may be applied where the conditions of the concluded contract comply with the requirements for public contracts prescribed by Article 442 of the Civil Code of the Republic of Armenia. Where the public contract or supply of goods envisages supply of other goods and/or provision of other services, the fact of including the value of other goods and/or services in the value of goods supplied under the public contract must be substantiated by the initial record-keeping documents applied in the accounting and documents approved by the VAT payer (order, calculation report of the approved cost, etc.);

(32) alienation of the right of ownership over a share or unit in the authorised or share capital of the organisation;

(33) supply of goods and/or provision of service within the framework of reorganisation of the organisation carried out as prescribed by law;

(34) supply of goods within the framework of transactions of privatisation and denationalisation;

(35) import of cultural values into the territory of the Republic of Armenia;

(36) supply of goods exported from the territory of the Republic of Armenia under the customs procedure other than "Export" (except for the cases of the application of the customs procedure "Re-export" to the goods imported under the customs procedure "Processing within the customs territory");

(37) import of goods into the territory of the Republic of Armenia from the states not considered to be EAEU members by the taxpayer having the status of an economic operator authorised as prescribed by the legislation or a group of resident income taxpayers implementing a programme approved by the Government, where these goods and products generated from the processing thereof are — within 180 days following the day of import — exported (including to the EAEU member states):

(38) supply of ferrous and non-ferrous scrap metals exported from the territory of the Republic of Armenia into the EAEU member states under the customs procedure “Export”;

(39) transactions of alienation of their personal property by the individual entrepreneur or notary;

(40) alienation of the property included in the composition of succession and belonging to the individual entrepreneur or notary to the heir;

(41) import by natural persons, arriving in the Republic of Armenia, of goods for personal use prescribed by the Law of the Republic of Armenia “On customs regulation”;

(42) import by natural persons, arriving in the Republic of Armenia for permanent residence, of goods for personal use prescribed by the Law of the Republic of Armenia “On customs regulation”;

(43) import by diplomats serving in diplomatic missions of the Republic of Armenia functioning in foreign states, and military, commercial and other diplomatic service attaches of the Republic of Armenia, citizens appointed to spiritual service by Mother See of Holy Etchmiadzin in dioceses of the Armenian Apostolic Church established in other countries of goods for their personal use prescribed by the Law of the Republic of Armenia “On customs regulation”, after completing the service;

(44) provision of services by insurance and reinsurance services, including related services by insurance brokers and agents;

(45) provision of pension security services, including related services provided by brokers and agents;

(46) alienation of assets to the securitisation fund or the seller by the originator within the meaning of the Law of the Republic of Armenia “On asset securitisation and asset-backed securities”, alienation of assets to the securitisation fund by the seller, repurchase of assets from the securitisation fund by the originator in cases prescribed by the Law of the Republic of Armenia “On asset securitisation and asset-backed securities” or exchange of assets with the securitisation fund, as well as alienation of assets to the securitisation fund established in accordance with the Law of the Republic of Armenia “On investment funds”, repurchase of assets from the securitisation fund or exchange of assets with the securitisation fund by the person having alienated the assets to the securitisation fund;

(47) performance of the following financial transactions and operations by banks, professional securities market participants, payment and settlement organisations, credit organisations, as well as in cases prescribed by this point, by other taxpayers:

a. provision of services related to accepting demand, term, savings and other similar deposits, opening, maintaining and carrying out the maintenance of bank and other accounts, including provision of payment and settlement services;

b. provision of services related to provision of loans or borrowings or property through leasing (types thereof) by banks, credit organisations and other taxpayers, including financing of debts or commercial transactions and other factoring services;

c. provision of services related to the of providing of suretyship, bank guarantees, issuing of letters of credit;

d. provision of services related to the alienation, custody and record-keeping of securities by banks, credit organisations and other taxpayers;

e. provision of services related to the issuing, discounting, transferring, conceding or servicing of promissory notes, cheques, bills of exchange, other payment securities, payment documents, cards and other instruments, as well as alienation of promissory notes, cheques, bills of exchange, other payment securities, payment documents;

f. alienation and exchange of foreign currency (paper money and coins, except for coins and bank-notes of numismatic value and used for that purpose) in Armenian Dram by banks, credit organisations and other taxpayers, alienation, transfer, exchange and otherwise alienation of derivative financial instruments concluded by banks, credit organisations and other taxpayers and making of all fees provided for by these transactions, except for the fees made for the actual supply of the property, the alienation of which is, pursuant to the Code, subject to VAT taxation;

g. provision of cash withdrawal services;

h. provision of services of investment fund management by banks, professional participants in the securities market and other taxpayers, including placement and/or repurchase (repayment) of securities issued by the investment fund managed thereby (including as a result of delegation);

i. provision of services of investment fund custody;

j. provision of services of securities trust management;

k. alienation of bank gold, opening and maintaining of bank gold accounts, provision of services related to the performance of other transactions thereby, as well as alienation of bank bullions to banks and credit organisations;

l. alienation of a collateral that became the property of a bank and credit organisation as prescribed by law and belonged to natural persons not acting as an individual entrepreneur and notary. For the purposes of this sub-point, the collateral shall be considered to be belonging to the natural persons not acting as individual entrepreneurs and notaries before becoming the property of a bank or credit organisation where the certificate of title over the collateral states that it belongs to the given individual entrepreneur or notary;

m. provision of services of receipt of amounts (revenues, compulsory, utility and other fees), as well as services related to salaries, pensions, benefits, insurance and other fees;

n. alienation through leasing (types thereof) of goods imported by banks and credit organisations to an organisation, individual entrepreneur or notary deemed value added taxpayers as of the date of delivery and acceptance of the object of leasing, within the framework of lease contract, during the import of which the VAT has not been calculated and paid as prescribed by the legislation;

o. provision of leasing (types thereof) service by banks and credit organisations where the contract on leasing (types thereof) does not envisage that the right of ownership to the object of leasing may be transferred to the lessee upon the expiration of the contract or prior to its expiration.

p. provision of investment services provided for by Article 25 of Law of the Republic of Armenia "On securities market", except for the consultation services provided to the customers with regard to

the investments into the securities and derivative financial instruments;

q. provision of non-principal services provided for by Article 26 of Law of the Republic of Armenia "On securities market", except for provision of consultation and other services related to the reorganisation of companies, as well as consultations services provided to companies with regard to structure of capital, corporate strategy issues;

r. provision of services of organisation of trade through securities and derivative financial instruments by the operator of a regulated market (only with regard to commission fees levied for transactions), as well as services of determining and setting off (clearing) mutual obligations (claims) arising from the transactions concluded;

s. provision of services of depositing of securities by the Central Depository, keeping a register of the security holders (nominal holders), services related to clearing and final settlement, as well as other services (except for consultation services) permitted to the Central Depository by law or legal acts of the Central Bank of the Republic of Armenia, including the provision of mediation services of the said services by a member of the securities settlement system;

t. provision of services of ensuring bilateral price quotation of securities with a status of a market maker;

u. provision of the property for leasing (types thereof) by banks and credit organisations upon the contract on leasing (types thereof), at the time of acquisition of which the VAT was not calculated and paid as prescribed by the legislation form the transaction of property supply.

Drawing up and provision of account statements and other information related to services prescribed by this point, preparation of securities, cheques, bills of exchange, payment documents, cards, paper money, coins, bank gold and facsimile services shall not be exempt from VAT.

(48) services in the field of tourism provided to foreign tourists, as well as agency services provided by tourism agencies, provided that the tours, trips, excursions within the scope of such services are carried out within the territory of the Republic of Armenia;

(49) alienation by an investment fund of immovable property to a person holding participation in the given investment fund, if the immovable property has been earlier acquired by the investment fund from the given person as an investment against the equity or share in the investment fund.

(50) import by the organiser of a duty-free shop under the customs procedure "Release for domestic consumption" for the purpose of completing the customs procedure "Duty-free trade" of foreign goods sold to the persons referred to in the sub-point 3 of point 2 of Article 243 of the Customs Code of the Eurasian Economic Union approved by Annex No 1 of the Treaty on Customs Code of the Eurasian Economic Union of 11 April 2017.

(51) import of goods, having the status of EAEU product, from EAEU member states to the duty-free shops operating in the Republic of Armenia.

(52) ***(point repealed by HO-63-N of 7 June 2019, was effective from 1 July 2019 until 1 January 2022 in accordance with Article 2 of law HO-63-N of 7 June 2019)***

(53) alienation of live pure-bred cattle raised in the Republic of Armenia, in the territory of the Republic of Armenia;

(54) supply of goods, performance of work and/or provision of services within the scope of the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia "On state duty".

(55) alienation of space objects and equipment, their repair or modernisation, transmission and processing of satellite data from remote observation of the Earth, launch of space objects, provision of management services during landing and flight and/or performance of works up to 31 December 2030;

(56) provision of services prescribed by Law of the Republic of Armenia "On Financial System Mediator" by the Office of the Financial System Mediator.

(57) ***(point was effective until 1 January 2024, in accordance with Article 2 of Law HO-370-N of 10 December 2021)***

(58) import and/or alienation of vehicles equipped with electric engine, categorised under EAEU CN FEA codes 8702 40 000, 8703 80 000 and 8711 60 from 1 January 2024 until 1 January 2026.

(Article 64 edited, amended and supplemented by HO-266-N of 21 December 2017, edited by HO-124-N of 8 February 2018, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, supplemented by HO-68-N of 25 June 2019, HO-87-N of 19 June 2019, amended by HO-54-N of 21 January 2020, supplemented by HO-82-N of 24 January 2020, HO-153-N of 6 March 2020, HO-293-N of 3 June 2020, amended and supplemented by HO-321-N of 18 June 2020, amended by HO-215-N of 26 May 2021, HO-63-N of 7 June 2019, supplemented by HO-370-N of 10 December 2021, amended by HO-355-N of 14 September 2022, edited and amended by HO-517-N of 7 December 2022, supplemented by HO-120-N of 22 March 2023, edited by HO-131-N of 13 April 2023, supplemented by HO-383-N of 22 November 2023, amended by HO-353-N of 2 October 2024, HO-499-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-82-N of 24 January 2020 has a transitional provision)

(Law HO-293-N of 3 June 2020 has a transitional provision)

(Law HO-215-N of 26 May 2021 has a transitional provision)

(Law HO-370-N of 10 December 2021 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

(Law HO-131-N of 13 April 2023 has got a final part and a transitional provision)

(Point 58 of part 2 of the Article shall enter into force upon the supplement to Article 1 of Law HO-383-N of 22 November 2023 from 1 January 2024 and shall be effective until 1 January 2026)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law "On regulation of gambling activities" is put into full effect)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 65. Transactions taxable at zero rate of VAT

1. Taxation at zero rate of VAT shall be the calculation of VAT at zero percent rate with respect to the tax base of transactions deemed to be VAT taxable objects prescribed by Article 60 of the Code.

2. The following transactions, prescribed by Article 60 of the Code, shall be taxable at zero percent rate of VAT:

(1) supply of goods (except for ferrous and non-ferrous scrap metals) exported from the territory of the Republic of Armenia through customs procedure "Export";

(2) supply of goods (except for ferrous and non-ferrous scrap metals), having the status of EAEU product, exported from the territory of the Republic of Armenia into EAEU member state in case of submitting the document prescribed by part 1 of Article 76 of the Code to the tax authority;

(3) packaging, loading, unloading, accompanying of goods and other similar works performance and/or provision of services directly related to transactions prescribed by points 1 and/or 2 of this part;

(4) provision of international transport services related to the transportation of cargo, mail and/or passengers. Within the meaning of this point:

a. transport services related to the transportation of cargo, mail and/or passengers via any type of vehicle shall be deemed to be international, where it starts in the Republic of Armenia and ends outside the territory of the Republic of Armenia or where it starts outside the territory of the Republic of Armenia and ends in the territory of the Republic of Armenia;

b. intermediary activities for organising the transportation of cargo, mail and/or passengers through (with the involvement of) other organisations and/or natural persons shall also be deemed to be transport services;

(5) performance of works and/or provision of services related to raw material processing in case of export of goods made from the raw material imported into the Republic of Armenia through customs procedure "Processing within the customs territory" for the purpose of processing or imported into the Republic of Armenia from EAEU member states for the purpose of processing, as prescribed by the EAEU unified customs legislation;

(6) in case of export of the property imported into the Republic of Armenia through customs procedure "Processing within the customs territory" for the purpose of mending (repairing) or imported into the Republic of Armenia from EAEU member states for the purpose of mending (repairing) as prescribed by the EAEU unified customs legislation, the supply of spare parts, parts, components, other supplementary elements used for repairing that property by the mender (repairer);

(7) performance of works and/or provision of services directly related to the transportation of goods — imported into the Republic of Armenia through customs procedure "Customs transit" — from the customs authority of import into the Republic of Armenia to the customs authority of export from the Republic of Armenia;

(8) with regard to aircrafts making flights via international routes:

a. supply of fuel required for fuelling up and goods intended for the consumption by the aircraft crew and passengers during the entire route;

b. performance of works and/or provision of services related to support (including air navigation, take off-landing), mending, re-equipment, handling of passengers, luggage, cargo and mail, provision of services to passengers during the transportation;

(9) provision of intermediary services that are directly related to and ensure the provision of services referred to in point 8 of this part;

(10) retail sale of goods at duty-free shops to passengers leaving or arriving via international routes, as well as supply of goods designated for sale at the duty-free shop by other taxpayers to the organiser of the duty-free shop;

(11) the performance of works and/or provision of services, the place of performance and/or provision whereof shall not be deemed to be the Republic of Armenia pursuant to Article 38 of the Code;

(12) supply of goods to diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto (hereinafter referred to as “diplomatic representations”), performance of works for and/or provision of services to them.

The zero percent rate of VAT with respect to the transactions prescribed by this point shall apply only to those diplomatic representations, according to the legislation of which the application of the zero percent rate of VAT is prescribed for the diplomatic representation of the Republic of Armenia in the given country, or where such procedure is provided for by international treaties of the Republic of Armenia.

For the purpose of ensuring the application of this point, the Ministry of Foreign Relations of the Republic of Armenia shall submit the lists of diplomatic representations prescribed by this point and changes being made thereto to the tax authority in the manner prescribed by the Government. The tax authority shall post on its official website the lists and changes being made thereto referred to in this paragraph.

In cases prescribed by this point:

a. the application of the zero percent rate of VAT shall be substantiated by VAT payer supplying goods, performing works and/or providing services through issuance of the relevant billing documents as prescribed by Article 56 of the Code;

b. the application of the zero percent rate of VAT and compensation — provided to diplomatic representations — of the VAT amount included in the prices of the goods acquired, works accepted and/or services received by them, shall be carried out as prescribed by the Government, where instead of issuing billing documents with respect to transactions referred to in this point tax invoices or cash register machine receipts have been issued;

(13) provision of services — to relevant operators by the operator of telecommunications or postal service registered in the Republic of Armenia in the prescribed manner — with respect to which pursuant to the Constitution of the International Telecommunications Union (ITU) or the Constitution of the Universal Postal Union, respectively, mutual settlement of amounts subject to payment for services provided to each other within the scope of international connectivity services shall be carried out.

(Article 65 amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

CHAPTER 14

CALCULATION OF VALUE ADDED TAX

(Chapter as amended by Article 14 of Law HO-68-N of 25 June 2019 shall enter into force on 1 January 2020)

Article 66. Issuance of tax invoices and adjusting tax invoices

1. VAT payers shall — in cases prescribed by Article 56 of the Code — be obliged to issue tax invoices, and in cases prescribed by Article 42 of the Code — also adjusting tax invoices (hereinafter referred to as “tax invoices” in this Section).

2. Irrespective of the provisions of part 1 of this Article, tax invoices shall not be issued in cases prescribed by points 1-5 of part 1 of Article 67.

Article 67. Restrictions on issuance of tax invoices

1. Tax invoices shall not be issued:

(1) by those who are not deemed to be VAT payers with respect to the transactions performed during the reporting periods of not being deemed to be a VAT payer. The effect of this point does not extend to cases, where the tax invoice is issued by an organisation or individual entrepreneur — on behalf of the delegator deemed to be a VAT payer or a principal deemed to be a VAT payer, respectively — deemed to be a delegatee or agent, supplying goods or performing works or providing services through agency contracts that provide for the condition of acting on behalf of a delegation or principal;

(2) with respect to the transactions on supplying goods, performing works and/or providing services that are exempt from VAT;

(3) with respect to the transactions on supplying goods, performing works and/or providing services that are subject to taxation at zero percent rate of VAT;

(4) with respect to the transactions on supplying goods, performing works and/or providing services carried out within the scope of special tax systems prescribed by Section 13 of the Code;

(5) with respect to the transactions on supplying goods and providing services which pursuant to parts 2 and 3 of Article 60 of the Code, respectively, shall not be deemed to be a VAT taxable object.

2. Tax bills instead of tax invoices shall be drawn up in cases prescribed by part 1 of this Article, and shall be issued in cases and in the manner prescribed by Article 56 of the Code.

3. Where a VAT payer simultaneously performs any transaction prescribed by points 2-5 of part 1 of this Article and a transaction with respect to which a tax invoice must be issued, he or she may also include the transaction prescribed by points 2-5 of part 1 of this Article in the tax invoice.

(Article 67 supplemented and amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 68. Confirmation of tax invoices

1. VAT payers shall confirm by electronic signature the tax invoices issued by suppliers and those performing works and providing services (hereinafter referred to as “suppliers” in this Section) with respect to the goods acquired, works accepted and services received during the reporting period.

2. In the case prescribed by part 2 of Article 70 of the Code the issuance of tax invoice as prescribed by part 7 of Article 56 of the Code shall be deemed to be a confirmation of the given tax invoice by electronic signature.

Article 69. Reporting period

1. Every reporting month shall be deemed to be a reporting period for the calculation and payment of VAT, except for cases prescribed by part 2 of this Article.

2. Every reporting quarter shall be deemed to be a reporting period for the calculation and payment of VAT by a non-resident organisation not having a permanent establishment in the Republic of Armenia and registered with the tax authority in accordance with the procedure prescribed by parts 9.1 and 9.2 of Article 288 of the Code.

(Article 69 supplemented by HO-359-N of 17 November 2021, amended by HO-595-N of 23 December 2022)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 70. Procedure for calculation of the amount of value added tax subject to payment to the State Budget

1. VAT payers shall pay for the reporting period the positive difference of VAT amounts calculated with respect to the tax base of transactions, performed during that period, considered to be taxable objects prescribed by points 1 and 2 of part 1 of Article 60 of the Code and of VAT amounts offsetable (reducible) as prescribed by Article 71 of the Code (unless otherwise prescribed by Article 72 of the Code) to the State Budget.

2. The obligation for VAT calculation and payment in the manner and within the time limits prescribed by the Code with respect to VAT taxable transactions and operations on supply of goods, performance of works and/or provision of services carried out in the Republic of Armenia by a non-resident organisation lacking a permanent establishment in the Republic of Armenia, as well as on importing goods owned by the right of ownership by that non-resident organisation or non-resident

natural person lacking a permanent establishment in the Republic of Armenia, to the Republic of Armenia (including from EAEU member states) shall be borne by VAT payers acting as a party to contractual relations, instead of that non-resident organisation or non-resident natural person, as a tax agent.

In cases prescribed by this Part:

(1) the tax base of VAT taxable transactions and operations shall be determined as prescribed by Articles 61 and 62 of the Code;

(2) VAT taxable transactions shall be deemed to be performed in the Republic of Armenia, where the place of delivery of goods pursuant to Article 37 of the Code and the place of performing the works or providing services pursuant to Article 39 of the Code shall be deemed to be the Republic of Armenia;

(3) VAT threshold shall not be considered during the calculation of VAT with respect to VAT taxable transactions;

(4) VAT payer acting as a party to contractual relations shall be exempt from the obligation for VAT calculation and payment, where it is substantiated by import documents (including by tax declaration of import or customs declaration of import) that the import has been carried out on behalf of the VAT payer irrespective of the fact of transfer of the right of ownership to the goods in the territory of the Republic of Armenia;

(5) the obligation for VAT calculation and payment in the manner and within the time limits prescribed by the Code shall be borne by a non-resident organisation lacking a permanent establishment in the Republic of Armenia, where a party to contractual relations shall be deemed to be an entity of micro-entrepreneurship or turnover taxpayer, or where the non-resident organisation not having a permanent establishment in the Republic of Armenia provides, in accordance with the procedure prescribed by part 9.1 of Article 288 of the Code, electronic services to a natural person who is not an individual entrepreneur or a notary, or a non-resident organisation of another EAEU member state having no permanent establishment in the Republic of Armenia or an individual entrepreneur operating electronic trading platform supplies goods to a natural person who is not an individual entrepreneur or a notary within the scope of electronic trading.

(Article 70 amended by HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, supplemented by HO-359-N of 17 November 2021, amended and supplemented by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 71. Procedure for offsets (reductions) of value added tax

1. VAT offsetable (reducible) amounts shall be:

(1) separate VAT amounts in tax invoices (including in cases, where the date of issuance of the tax invoice is included in any reporting period preceding or following the reporting period, however, the transaction referred to in the tax invoice has been performed (i.e. the date of supply of goods, performance of works or provision of services referred to in the tax invoice is included) during that reporting period)), issued by the suppliers of goods acquired, works accepted and/or services received during the reporting period in the territory of the Republic of Armenia. VAT amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of acquiring goods, accepting works and/or receiving services, where the tax invoice, issued by suppliers, pertaining to the relevant transaction has been confirmed by the person acquiring the goods, accepting the work and/or receiving the service as prescribed by part 1 of Article 68 of the Code prior to and including the deadline, prescribed by part 1 of Article 75 of the Code, for the submission of the unified calculation report of VAT and excise tax;

b. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of confirming the tax invoice — issued by suppliers, pertaining to the relevant transaction — by the person acquiring the goods, accepted the work and/or received the service as prescribed by part 1 of Article 68 of the Code, where the tax invoice has not been confirmed prior to and including the deadline prescribed by part 1 of Article 75 of the Code for the submission of the unified calculation report of VAT and excise tax;

(2) VAT amounts (in case of partial payment — partially paid VAT amounts) calculated and paid in the manner and amount prescribed by the Code for goods imported into the territory of the Republic of Armenia through customs procedure “Release for domestic consumption”. VAT amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the

reporting period that includes the day of the registration of customs declaration of import of goods, where VAT amounts have been paid before the last day of the reporting period inclusive, covering the day of registration of the customs declaration;

a.1. in case the day of registration of the customs declaration on import of goods and the day of payment of VAT amounts fall into different reporting periods — by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day which is later of the two dates;

b. in case of submitting verified customs declaration of import of goods as prescribed by the EAEU unified customs legislation, by unified calculation report of VAT and excise tax, with respect to the additional VAT amount subject to offset (reduction), submitted to the tax authority for the reporting period that includes the days of the registration of the verified customs declaration of import and the days of the payment of additional VAT amounts, and — in case those days are included in different reporting periods — for the reporting period that includes the last of those days;

c. ***(sub-point repealed by HO-383-N of 10 December 2021)***

d. in case of imposing additional liability with respect to VAT as a result of post-release checks carried out by the tax authority on import of goods, by unified calculation report of VAT and excise tax, in the VAT amount paid, submitted to the tax authority for the reporting period that includes the day of the fulfilment of that liability (including partial);

(3) VAT amounts calculated and paid in the manner and amount prescribed by the Code for goods, having the status of EAEU product, imported into the Republic of Armenia from EAEU member states. VAT amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of importing the goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia), where the tax declaration of import of goods has been submitted to the tax authority and VAT amounts (in case of partial payment, partially paid VAT amounts) with respect to import have been paid prior to and including the last day of the reporting period that includes the day of importing the goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia);

b. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the days of the submission of customs declaration of import of goods to the tax authority and the days of the payment of VAT amounts, and in case those days are included in different reporting periods — for the reporting period that includes the last of those days, including the cases prescribed by sub-point “d” of this point, where the customs declaration of import of goods has not been submitted to the tax authority and/or VAT amounts with respect to import have not been paid prior to and including the last day of the reporting period that includes the day of importing the goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia);

c. in case of submitting verified tax declaration of import of goods as prescribed by the EAEU unified customs legislation or the Code, by unified calculation report of VAT and excise tax, with respect to the additional VAT amount subject to offset (reduction), submitted to the tax authority for the reporting period that includes the days of the submission of verified tax declaration of import and the days of the payment of additional VAT amounts, and — in case those days are included in different reporting periods — for the reporting period that includes the last of those days;

d. ***(sub-point repealed by HO-383-N of 10 December 2021)***

e. in case of imposing additional liability with respect to VAT on the import of goods as a result of the inspection carried out by the tax authority, by unified calculation report of VAT and excise tax, in the additional VAT amount paid, submitted to the tax authority for the reporting period that includes the day of the fulfilment of that liability (including partial);

(4) separate VAT amounts in tax invoices, issued by VAT payers, as prescribed by part 7 of Article 56 of the Code, with respect to goods acquired, works accepted and/or services received in the territory of the Republic of Armenia during the reporting period from a non-resident organisation lacking a permanent establishment in the Republic of Armenia. VAT amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax, submitted to the tax authority for the reporting period that includes the day of acquiring goods, accepting works and/or receiving services, where the tax invoice pertaining to the relevant transaction has been issued prior to and including the deadline, prescribed by part 1 of Article 75 of the Code, for the submission of the unified calculation report of VAT and excise tax;

b. by unified calculation report of VAT and excise tax, submitted to the tax authority for the reporting period that includes the day of the issuance of the tax invoice pertaining to the relevant transaction, where the tax bill has been issued after the deadline, prescribed by part 1 of Article 75 of the Code, for the submission of the unified calculation report of VAT and excise tax;

(5) separate VAT amounts in tax invoices issued on behalf of commission agent or agent, respectively, by commission principal or principal with respect to the transactions performed

between commission principal and commission agent or principal and agent based on agency contracts providing for the condition of acting on behalf of the commission or agent under the rules prescribed by sub-points “a” and “b” of point 1 of this part;

(6) separate VAT amounts in tax invoices issued on behalf of commission principal or principal, respectively, by commission agent or agent with respect to transactions performed between commission agent and commission principal or agent and principal based on agency contracts providing for the condition of acting on behalf of the commission or agent under the rules prescribed by sub-points “a” and “b” of point 1 of this part;

(7) separate VAT amounts in tax invoices issued on behalf of third party by commission agent or agent, respectively, with respect to transactions performed between commission agent and third party or agent and third party based on agency contracts providing for the condition of acting on behalf of the commission or agent under the rules prescribed by sub-points “a” and “b” of point 1 of this part;

(8) separate VAT amounts in tax invoices issued on behalf of commission agent or agent, respectively, by third party with respect to the transactions performed between third party and commission agent or third party and agent based on agency contracts providing for the condition of acting on behalf of the commission or agent, under the rules prescribed by sub-points “a” and “b” of point 1 of this part;

(9) separate VAT amounts in tax invoices, customs and tax declarations of import with respect to acquisitions, included in the composition of property assigned for trust management and carried out for the purpose of the performance of those transactions under the rules prescribed by this Article.

(Article 71 supplemented by HO-266-N of 21 December 2017, amended by HO-338-N of 21 June 2018, edited by HO-68-N of 25 June 2019, amended by HO-383-N of 10 December 2021, supplemented, edited by HO-257-N of 15 June 2022, amended by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-383-N of 10 December 2021 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 72. Restrictions on offsets (reductions)

1. For the purpose of calculation of VAT amounts subject to payment to the budget or subject to compensation from the budget as prescribed by Articles 70 and 74 of the Code, VAT offsets (reductions) shall not be made:

(1) by those who are not deemed to be VAT payers;

(2) where the acquired and/or imported goods, accepted works and/or received services are attributed to transactions exempt from VAT, except for cases prescribed by points 19 and 31 of part 2 of Article 64 of the Code, as well as transactions for alienation of precious metals classified under the CN FEA code 7108 12 000 9 of CN FEA 7108 group prescribed by point 26 of part 2 of Article 64 of the Code, where VAT offsets (reductions) are carried out as prescribed by the Code, irrespective of the fact of attributing the acquired and/or imported goods, accepted works and/or received services to transactions exempt from VAT;

(3) where the acquired and/or imported goods, accepted works and/or received services are attributed to transactions subject to taxation within the scope of special taxation systems prescribed by Section 13 of the Code;

(4) where the acquired and/or imported goods, accepted works and/or received services are attributed to transactions which pursuant to parts 2 and 3 of Article 60 of the Code, are not deemed to be VAT taxable objects;

(5) where the acquired and/or imported goods, accepted works and/or received services are attributed to the transaction pertaining to the tax invoice issued in violation of one of the restrictions prescribed by Article 67 of the Code;

(6) where the tax invoice is deemed to be a paper-transfer document pursuant to point 55 of part 1 of Article 4 of the Code;

(7) where the transaction pertaining to the tax invoice has been declared invalid pursuant to Article 41 of the Code;

(8) ***(point repealed by HO-358-N of 16 November 2023)***

(9) in the amount of the negative difference of the VAT arising from the transaction for alienation of the object of leasing held by the lessor, subject to payment to the Budget and the amounts of VAT reformulated through the procedure prescribed by part 4 of Article 73 of the Code, where the given object of leasing had — prior to alienation — been provided upon the contract on leasing (types

thereof), which did not provide that the right of ownership over the object of leasing may — upon expiration of the contract or prior to its expiration — pass on to the lessee;

(10) ***(point repealed by HO-358-N of 16 November 2023)*** .

(Article 72 amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, supplemented by HO-321-N of 18 June 2020, HO-131-N of 13 April 2023, amended by 16 November 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-131-N of 13 April 2023 has a final part and a transitional provision)

(Law HO-358-N of 16 November 2023 has a final part and transitional provisions)

Article 73. Procedure for reformulation of liabilities and offsets (reductions)

1. Where acquiring and importing goods (including building a fixed asset), accepting works or receiving services (hereinafter referred to as “acquisitions” in this Section) are directly attributed to transactions subject to taxation at 20 or 0 percent rate of VAT (hereinafter referred to as “VAT taxable transactions” in this Section) or where it is impossible to directly attribute them to VAT taxable transactions or transactions prescribed by points 2-4 of part 1 of Article 72 of the Code (hereinafter referred to as “VAT non-taxable transactions” in this Section), the offset (reduction) of VAT amounts with respect to those acquisitions shall be carried out during the reporting period of the performance of the acquisitions as prescribed by the Code.

2. Where the acquisitions, with respect to which the offset (reduction) of VAT amounts has been carried out during the previous reporting periods as prescribed by the Code, are attributed fully or partially to VAT non-taxable transactions during the next reporting periods, then:

(1) with respect to goods (except for the fixed asset), work or service:

a. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 20 percent rate of VAT against the value corresponding to the share directly attributed to VAT non-taxable transactions during the given reporting period;

b. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the tax amount determined by the coefficient corresponding to the share of the tax base of VAT non-taxable transactions within the common tax base of all transactions performed during the reporting period, where during the reporting period the given goods, work or service are attributed to VAT taxable and VAT non-taxable transactions, and where it is impossible to directly attribute the given goods, work or service to VAT taxable and VAT non-taxable transactions;

c. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 20 percent rate of VAT against the tax base corresponding to the share not attributed to VAT taxable transactions on the given goods, work or service, where the supply of goods, performance of work or provision of service during the reporting period is a VAT non-taxable transaction;

(2) with respect to fixed asset or intangible asset:

a. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 20 percent rate of VAT against the amount of amortisation deductions calculated for the given fixed asset or intangible asset in the amounts prescribed for the given reporting period by Article 121 of the Code, where the use of that fixed asset or intangible asset during the given reporting period has been attributed exclusively to VAT non-taxable transactions;

b. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount of the product of the amount calculated at 20 percent rate of VAT against the amount of amortisation deductions calculated for the given fixed asset or intangible asset in the amounts prescribed for the given reporting period by Article 121 of the Code and of the coefficient corresponding to the share of the tax base of VAT non-taxable transactions within the common tax base of all transactions performed during the reporting period, where the given fixed asset or intangible asset is simultaneously attributed to both VAT taxable and VAT non-taxable transactions during the reporting period;

c. offset (reduced) VAT amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 20 percent rate of VAT against the book value of the given fixed asset or intangible asset, where the alienation of the given fixed asset or intangible asset during the reporting period is a VAT non-taxable transaction.

3. Where the acquisitions are directly attributed to VAT non-taxable transactions, VAT amounts

with respect to those acquisitions shall not be subject to offset (reduction) during the reporting period of the performance of those acquisitions.

4. Where the acquisitions, with respect to which deduction of VAT offsetable (reducible) amounts has been carried out (VAT amounts have been added to the value of acquisitions as prescribed by Section 6 of the Code) during the previous reporting periods as prescribed by the Code, are attributed fully or partially to VAT taxable transactions during the next reporting periods, then:

(1) with respect to goods (except for the fixed asset), work or service:

a. non-offset (non-reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 16.67 percent settlement rate of VAT against the value corresponding to the share directly attributed to VAT taxable transactions during the given reporting period;

b. non-offset (non-reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the tax amount determined by the coefficient corresponding to the share of the tax base of VAT non-taxable transactions within the common tax base of all transactions performed during the reporting period, where during the reporting period the given goods, work or service are attributed to VAT taxable and VAT non-taxable transactions, and where it is impossible to directly attribute the given goods, work or service to VAT taxable and VAT non-taxable transactions;

c. non-offset (non-reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 16.67 percent settlement rate of VAT against the tax base corresponding to the share not attributed to VAT non-taxable transactions on the given goods, work or service, where the supply of goods, performance of work or provision of service during the reporting period is a VAT taxable transaction;

(2) with respect to fixed asset or intangible asset:

a. non-offset (non-reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 16.67 percent settlement rate of VAT against the amount of amortisation deductions calculated for the given fixed asset or intangible asset in the amounts prescribed for the given reporting period by Article 121 of the Code, where the use of that fixed asset or intangible asset during the given reporting period has been attributed exclusively to VAT taxable transactions;

b. non-offset (reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the amount of the product of the amount calculated at 16.67 percent settlement rate of VAT against the amount of amortisation deductions calculated for the given fixed asset or intangible asset in the amounts prescribed for the given reporting period by Article 121 of the Code and of the coefficient corresponding to the share of the tax base of VAT taxable transactions within the common tax base of all transactions performed during the reporting period, where the given fixed asset or intangible asset is simultaneously attributed to both VAT taxable and VAT non-taxable transactions during the reporting period;

c. non-offset (non-reduced) VAT amounts shall be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 16.67 percent settlement rate of VAT against the book value of the given fixed asset or intangible asset, where the alienation of the given fixed asset or intangible asset during the reporting period is a VAT taxable transaction.

5. Where the offset (reduction) of the amount, determined as prescribed by this Article, subject to offset (reduction) is postponed upon the grounds prescribed by Article 71 of the Code, the offset (reduction) of those amounts shall be carried out during the reporting periods when the right thereto arose, based on the portions of the tax bases of VAT taxable and VAT non-taxable transactions performed during the reporting period of the performance of the relevant acquisitions, without taking account of the portions of the tax bases of VAT taxable and VAT non-taxable transactions performed during the reporting period when the right to offset (reduction) arose.

6. In case of the loss of acquisitions of VAT payers, the VAT amounts pertaining to those acquisitions shall not be subject to offset (reduction), where those loses are not subject to deduction from gross income for the purpose of taxation pursuant to Section 6 of the Code. Pursuant to Section 6 of the Code, in case the value of loss is determined on annual basis, the VAT offsetable (reducible) amount calculated more or less as compared with the annual norm of loss within each reporting period of VAT shall be recalculated by annual output during the last reporting period of VAT of the given year, considering the difference as an increase or reduction of VAT offsetable (reducible) amount during the last reporting period.

7. In case of liquidation of the fixed asset by VAT payers, with respect to which offset (reduction) of VAT amounts has been carried out during the previous reporting periods as prescribed by the Code, VAT offset (reduced) amounts shall be subject to reformulation — deduction from the amounts subject to offset (reduction) during the reporting period — in the amount calculated at 20 percent rate of VAT against the book value of the given fixed asset.

In case the fixed asset referred to in this part is later on alienated as a fixed asset of the same

designated purpose, VAT amounts deducted from the amounts subject to offset (reduction) as prescribed by this part shall again be subject to reformulation — to being added to the amounts subject to offset (reduction) during the reporting period that includes the day of alienation, where the alienation of the fixed asset during the reporting period is a VAT taxable transaction.

8. ***(part repealed by HO-358-N of 16 November 2023)***

8.1. The negative difference of VAT generated between the VAT amount calculated against the tax base with respect to delivery in the Republic of Armenia of a motor vehicle classified under CN FEA 8703 code, except for motor vehicle classified under CN FEA 8703 code and being alienated in accordance with part 21 of Article 62 of the Code and the separate VAT amount for that motor vehicle subject to offset (reduction) in the manner prescribed by the Code in the tax account issued by the supplier or customs declaration or tax declaration of import shall not be subject to offset (reduction). The VAT amounts prescribed by this part, which are not being offset (reduced), shall be subject to reformulation — to being deducted from the amounts subject to offset (reduction) during the reporting period — by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of alienation of the motor vehicle.

Where the motor vehicle classified under CN FEA 8703 code has been acquired by contract on leasing (types thereof), upon expiration of or prior to expiration of which the right of ownership over the object of leasing has been transferred to the lessee, when alienating this motor vehicle, in accordance with the first paragraph of this part, for the purpose of calculating the negative amount of VAT with the lessee, the VAT amount subject to offset (reduction) in the manner prescribed by the Code for purchase of motor vehicle deemed to be an object of leasing and classified under CN FEA 8703 code shall be determined by the sum total of VAT amounts separated by the lessor in tax accounts issued in the manner prescribed by the Code during the validity of the contract on leasing (types thereof).

9. Where separate VAT amounts in customs or tax declaration of import submitted previously by the verified customs or tax declaration of import of goods (including those imported from EAEU member states), submitted as prescribed by the EAEU unified customs legislation or the Code, decrease, the difference of separate VAT amounts in customs or tax declaration of import and in verified customs or tax declaration of import shall be deducted from VAT amounts subject to offset (reduction) by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of the registration or submission to the tax authority of the verified customs or tax declaration of import.

10. Where separate VAT amounts in customs declaration of import decrease as a result of post-release checks carried out by the tax authority on import of goods, the decreased part of separate VAT amounts in customs declaration of import shall be deducted from VAT amounts subject to offset (reduction) by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of drawing up of an act of post-release checks.

11. In case of removing the individual entrepreneur from record-registration or dismissing the notary from position, VAT amounts previously offset (reduced) with respect to assets (except for fixed assets and intangible assets) available as of the day of removing the individual entrepreneur from record-registration or dismissing the notary from position, respectively, and with respect to fixed assets and intangible assets — the share of previously offset VAT amounts that corresponds to the book value of the fixed asset or intangible asset as of the day of removing the individual entrepreneur from record-registration or dismissing the notary from position shall be deduced from VAT amounts subject to offset (reduction) by the unified calculation report of VAT and excise tax submitted for the last time, acting as a VAT payer, to the tax authority prior to removal from record-registration or dismissal of the notary from position. This part shall also apply in the case, where at the moment of removal from record-registration, the individual entrepreneur is deemed to be a turnover tax payer or an entity of micro-entrepreneurship.

12. ***(part repealed by HO-101-N of 1 March 2023)***

13. With respect to VAT amounts offset (reduced), failure to make reformulations (deductions) in the cases and manner prescribed by this Article — where it has resulted in under-reporting of the VAT amount, as compared to what it would be when calculated as prescribed by the Code, subject to payment to the State Budget within the reporting period — shall be deemed to be an under-reporting of tax amount in the tax calculation report within the meaning of Article 403 of the Code.

14. According to the Code, the VAT amounts offset (reduced) as prescribed by the Code in the previous reporting periods with respect to acquisitions held by the VAT payers as of the day of transition from the general taxation system to the special taxation systems shall be subject to reformulation — deduction from VAT amounts subject to offset (reduction) in the reporting period by unified VAT and excise tax calculation report submitted to the tax authority for the last reporting period of being considered VAT payer which precedes that day:

(1) in the amount calculated at the rate of 20 percent of the VAT against the relevant value of goods (except for the fixed asset or intangible asset), work or service;

(2) in the amount calculated at the rate of 20 percent of the book value of the fixed asset or intangible asset.

(Article 73 supplemented by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, amended, supplemented by HO-358-N of 16 November 2023, amended by HO-101-N of 1 March 2023, amended, edited by HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-358-N of 16 November 2023 has a final part and transitional provisions)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 74. Procedure for calculation of the amount of value added tax subject to compensation from the State Budget

1. VAT amount subject to compensation from the State Budget due to the results of the activities carried out during the reporting period of being considered a VAT taxpayer shall be calculated as the negative difference (hereinafter referred to as “VAT refundable amount”) of the VAT amount calculated against the tax base of transactions, considered to be taxable objects, performed during that period and prescribed by points 1 and 2 of part 1 of Article 60 of the Code and of VAT amounts offset (reduced) as prescribed by Article 71 of the Code (unless otherwise prescribed by Article 72 of the Code). The VAT refundable amount accrued as a result of joint calculation of VAT and excise tax submitted by a taxpayer operating under special taxation system and covering the reporting period of being considered a VAT payer shall also be considered to be a VAT refundable amount.

2. VAT refundable amount generated based on the results of the activities carried out during the reporting period shall, in accordance with part 3 of this Article, be directed to repayment of VAT amounts, subject to payment to the State Budget, generated by unified VAT and excise tax calculation reports by the results of the activities carried out during any reporting period, or shall be credited to the single account in accordance with part 4 or part 5 of this Article.

3. Where a taxpayer has VAT refundable amount as of the day of submission of the unified VAT and excise tax calculation report (including verified) for that reporting period by the results of the activities carried out during each reporting period, that amount may be directed to repayment of VAT amounts subject to payment to the State Budget that are generated by unified VAT and excise tax calculation reports by the results of activities carried out during any reporting period, on the deadline for VAT payment for that reporting period or prior to the day preceding the deadline for VAT payment for that reporting period, with the use of the relevant software command by the taxpayer.

4. Where the unified VAT and excise tax calculation report submitted for that reporting period by the results of activities carried out during each reporting period generates a VAT refundable amount, that amount shall — provided it is not considered as risk-prone by the criteria defined by the Government, including the risk management system applied for tax control (hereinafter referred to as “criteria defined by the Government”) — be credited to the single account prior to the day preceding the deadline for VAT payment for that reporting period or on the deadline for VAT payment for that reporting period once the taxpayer has used the relevant software command. Where the unified VAT and excise tax calculation report (including verified) submitted after the deadline for submitting the unified calculation report of VAT and excise tax for any reporting period generates VAT refundable amount, that amount shall be credited to the single account on the day of submission of the unified calculation report (including verified), if it is not considered as risk-prone in accordance with the criteria defined by the Government.

5. VAT refundable amounts generated by the unified VAT and excise tax calculation report submitted for that reporting period by the results of activities carried out during each reporting period and considered as risk-prone in accordance with the criteria defined by the Government shall be credited to the single account, if it is substantiated by the results of the inspection conducted as prescribed by Section 17 of the Code upon the written application of the taxpayer or by the results of the examination of substantiation of the amounts to be credited to the single account.

(Article 74 amended by HO-68-N of 25 June 2019, edited by HO-244-N of 26 May 2021, edited, supplemented by HO-101-N of 1 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-244-N of 26 May 2021 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 75. Submission of unified calculation reports of value added tax and excise tax

1. VAT payers shall submit unified calculation reports of VAT and excise tax to the tax authority as

prescribed by Article 53 of the Code, prior to and including the twentieth day of the month following each reporting semester.

2. Taxpayers, prescribed by part 5 of Article 59 of the Code, shall — in case of performing a transaction deemed to be a taxable object — submit unified calculation reports of VAT and excise tax to the tax authority for the reporting period that includes the day of the performance of that transaction as prescribed by Article 53 of the Code prior to and including the twentieth day of the month following that reporting period.

3. In cases prescribed by point 5 of the second paragraph of part 2 of Article 70 of the Code, a non-resident organisation shall — in case of performing a transaction prescribed by part 2 of Article 70 of the Code, deemed to be a taxable object, except for the case when within the scope of electronic trade electronic service is provided or goods are supplied to a natural person who is not an individual entrepreneur or a notary — submit unified calculation reports of VAT and excise tax for the reporting period that includes the day of the performance of that transaction as prescribed by Article 53 of the Code prior to and including the twentieth day of the month following that reporting period. In the case prescribed by point 5 of second paragraph of part 2 of Article 70 of the Code, the non-resident organisation not having a permanent establishment in the Republic of Armenia — with respect to provision of an electronic service to a natural person who is not an individual entrepreneur or a notary — or the non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia and operating electronic trading platform shall — with respect to supply of goods to a natural person who is not an individual entrepreneur or a notary — prior to and including the twentieth day of the month following the reporting quarter, submit in accordance with the procedure prescribed by Article 53 of the Code to the tax authority a VAT calculation report, as per the form and procedure for filling in.

4. In case of issuing a tax invoice in violation of one of the restrictions prescribed by Article 67 of the Code, the person issuing a tax invoice shall submit unified calculation report of VAT and excise tax to the tax authority for the reporting period that includes the day of the issuance of the tax invoice as prescribed by Article 53 of the Code prior to and including the twentieth day of the month following that reporting period.

5. The taxpayer operating under the special tax system shall submit to the tax authority a unified VAT and excise tax calculation report under the procedure prescribed by Article 53 of the Code before and including the 20th of the month following that reporting period, where VAT amounts subject to offset (reduction) with respect to the VAT taxable transactions conducted in the reporting period during which the person is considered a VAT taxpayer are, in accordance with Article 71 of the Code, subject to offset (reduction) in the given reporting period, or where the results of adjustment — as prescribed by the Code — of VAT taxable transactions conducted in the reporting period during which the person is considered a VAT payer are subject to reflection in the given reporting period.

(Article 75 amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, supplemented, amended by HO-359-N of 17 November 2021, HO-595-N of 23 December 2022, supplemented by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 76. Application of zero rate of value added tax against the tax base of the transactions on supply of goods exported to EAEU member states

1. Application of zero rate of VAT with respect to the transactions on supply of goods having the status of EAEU product exported into EAEU member states from the territory of the Republic of Armenia shall be substantiated on the day of the submission of the tax declaration of export to the tax authority by an exporter.

2. In case the export of goods, having the status of EAEU product, is carried out from the territory of the Republic of Armenia into EAEU member states based on delegation, commission or agency contracts, by the delegatee, commission agent or agent respectively, and the tax declaration of export prescribed by part 1 of this Article is submitted to the tax authority by the delegatee, commission agent or agent respectively, the application of zero rate of VAT with respect to the transactions on supply of exported goods by the delegator, commission principal or principal, respectively, may be substantiated, where the fact of export of goods of the exporter is substantiated by the delegatee, commission agent or agent by relevant settlement documents.

Article 77. Documents submitted to the tax authority in case of importing goods from EAEU member states

1. In case of import of goods, having the status of EAEU product, into the territory of the Republic of Armenia from the EAEU member states (including the cases prescribed by part 6 of Article 59 of

the Code) the taxpayer shall be obliged to — prior to and including the twentieth day of the month following the month that includes the day of import of goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia) — submit only the following documents to the tax authority:

(1) tax declaration of import completed by the importer;

(2) the statement on the import of goods and payment of indirect taxes (or exemption from indirect taxes, payment of indirect taxes under another procedure) completed by the importer — in hard copy (4 copies) and electronic format, or the statement on the import of goods and payment of indirect taxes (or exemption from indirect taxes, payment of indirect taxes under another procedure) completed by the importer — in electronic format with the electronic (digital) signature of the taxpayer.

2. In case goods, having the status of EAEU product, are imported into the territory of the Republic of Armenia from the EAEU member states based on delegation, commission or agency contracts by the delegatee, commission agent or agent respectively, or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or by a participant of the fair organised in the Republic of Armenia, the documents prescribed by part 1 of this Article shall be submitted to the tax authority by the delegatee, commission agent or agent respectively or by a permanent establishment of the resident of EAEU member state located in the Republic of Armenia or by the participant of the fair organised in the Republic of Armenia prior to and including the twentieth day of the month following the month that includes the day of the alienation of the goods or a part thereof to the buyer.

3. In case the right of ownership over goods, having the status of EAEU product, imported by the buyer into the territory of the Republic of Armenia from the EAEU member states, is transferred to the buyer in the territory of the Republic of Armenia, the buyer shall submit the documents prescribed by part 1 of this Article to the tax authority prior to and including the twentieth day of the month following the month that includes the day of the transfer of the right of ownership over goods to the buyer.

(Article 77 amended by HO-383-N of 10 December 2021)

(Law NO-383-N of 10 December 2021 has a transitional provision)

CHAPTER 15

PROCEDURE FOR PAYING, REFUNDING VALUE ADDED TAX AMOUNT AND CREDITING IT TO SINGLE ACCOUNT

Article 78. Payment of value added tax amount

1. VAT payers shall pay to the State Budget VAT amounts, calculated as prescribed by Article 70 of the Code, subject to payment to the State Budget in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following each reporting period.

2. Taxpayers prescribed by part 5 of Article 59 of the Code shall — in case of performing a transaction deemed to be a taxable object — pay the VAT amount originating from that transaction to the State Budget in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the reporting period that includes the day of the performance of that transaction.

3. The non-resident organisation shall — in cases, prescribed by point 5 of the second paragraph of part 2 of Article 70 of the Code, except for the case of provision of electronic service or supply of goods to a natural person not considered to be an individual entrepreneur or a notary within the scope of electronic trade, in case of performing a transaction deemed to be a taxable object prescribed by part 2 of Article 70 of the Code — pay the VAT amount originating from that transaction to the State Budget in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the reporting period that includes the day of the performance of that transaction. In the case prescribed by point 5 of the second paragraph of part 2 of Article 70 of the Code, non-resident organisation not having a permanent establishment in the Republic of Armenia, with respect to provision of electronic service to a natural person who is not an individual entrepreneur or a notary, or non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia and operating electronic trading platform shall — with respect to supply of goods to a natural person who is not an individual entrepreneur or a notary — pay the VAT amounts to the State Budget in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the reporting quarter as per the procedure prescribed by the Government.

4. In case of issuing a tax invoice in violation of one of the restrictions prescribed by Article 67 of the Code, the person issuing the tax invoice shall pay the VAT amount referred to in that tax invoice

to the State Budget in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the reporting period that includes the day of the performance of that transaction.

5. The VAT amounts calculated as prescribed by the Code for goods imported into the Republic of Armenia through customs procedure “Release for domestic consumption”, except for the case prescribed by part 5.1 of this Article, shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the customs authority before the release of goods through customs procedure “Release for domestic consumption” (unless other time limit is prescribed by the EAEU unified legislation).

5.1. The VAT amounts calculated as prescribed by the Code for goods imported into the Republic of Armenia through customs procedure “Release for domestic consumption” shall, as amounts paid to the customs authority, be paid to the State Budget of the Republic of Armenia within the time limits prescribed by Article 59 of the Customs Code of the Eurasian Economic Union as envisaged for the postponement of payment of customs duty or deferred payment thereof upon the grounds prescribed by the same Article, without the condition of fulfilment of tax liability, with regard to which the customs authority shall adopt a decision on postponement of VAT payment or deferred payment thereof. The procedure for adoption and annulment of the decision on postponement of VAT payment or deferred payment thereof shall be established by the Government. In accordance to this part, the customs authority shall charge interests for postponement of payment of tax amounts or deferred payment thereof, in the amount, manner and within the time limits prescribed by Article 60 of the Customs Code of the Eurasian Economic Union.

6. The VAT amounts calculated as prescribed by the Code for goods, having the status of EAEU product, imported into the Republic of Armenia from the EAEU member states shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the month that includes the day of import of goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia), except for cases prescribed by parts 7 and 8 of this Article.

7. In cases prescribed by part 2 of Article 77 of the Code, the VAT amounts calculated as prescribed by the Code shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority by the delegatee, commission agent or agent or by a permanent establishment of the resident of the EAEU member state located in the Republic of Armenia or the organiser of the fair organised in the Republic of Armenia prior to and including the twentieth day of the month following the month that includes the day of the alienation of goods to the buyer by the delegatee, commission agent or agent, respectively, or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or the participant of the fair organised in the Republic of Armenia.

8. In cases prescribed by part 3 of Article 77 of the Code, the VAT amounts calculated as prescribed by the Code shall be paid to the State Budget of the Republic of Armenia by the buyer in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the month that includes the day of the transfer of the right of ownership over goods to the buyer.

(Article 78 amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, supplemented by HO-359-N of 17 November 2021, HO-257-N of 15 June 2022, amended by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-359-N of 17 November 2021 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 79. Postponing the time limit for the payment of value added tax amount

(Article repealed by HO-383-N of 10 December 2021)

(Law HO-383-N of 10 December 2021 has a transitional provision).

Article 80. Crediting value added tax amount to single account

1. In cases prescribed by part 4 of Article 74 of the Code, the VAT refundable amounts shall be credited to the single account in the manner and within the time limits prescribed by the same part, and in cases prescribed by part 5 of the same Article — in the manner and within the time limits prescribed by the Code with regard to tax administration.

2. The VAT amounts paid in excess of the amount prescribed by the Code shall be credited to the single account in the manner and within the time limits prescribed by the Code with regard to tax administration.

(Article 80 amended by HO-244-N of 26 May 2021, edited by HO-101-N of 1 March 2023)

(Law HO-244-N of 26 May 2021 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 81. Compensation of value added tax amount

1. In case of export of goods acquired in the territory of the Republic of Armenia by foreign nationals and stateless persons, foreign nationals and stateless persons shall receive compensation for VAT amounts included in those prices and paid in the territory of the Republic of Armenia in the cases and in the manner prescribed by the Government.

(Article 81 amended by HO-261-N of 23 March 2018)

SECTION 5

EXCISE TAX

CHAPTER 16

EXCISE TAX AND TAXPAYERS

Article 82. Excise tax

1. Excise tax is a state tax paid to the State Budget in the manner, amount and within the time limits prescribed by the Code for the performance of transactions and/or operations deemed to be taxable objects prescribed by Article 84 of the Code.

Article 83. Excise taxpayers

1. Organisations and individual entrepreneurs performing transactions and/or operations considered to be taxable objects prescribed by Article 84 of the Code shall be deemed to be excise taxpayers.

2. The resident organisation of the Republic of Armenia or the individual entrepreneur record-registered in the Republic of Armenia or the permanent establishment of a non-resident as a customer, respectively shall be deemed to be an excise taxpayer with respect to the transaction on the supply of excisable goods, produced or packaged in the territory of the Republic of Armenia from the raw material provided by the resident organisation or the individual entrepreneur or the permanent establishment of a non-resident based on contracts concluded with them.

3. The organisation or the individual entrepreneur producing or packaging goods shall be deemed to be an excise taxpayer with respect to excisable goods, produced or packaged from the raw material provided by the non-resident organisation lacking a permanent establishment or the non-resident individual entrepreneur lacking a permanent establishment based on contracts concluded with them.

4. Natural persons not deemed individual entrepreneurs shall not be deemed to be excise taxpayers, however, where they import excisable goods into the territory of the Republic of Armenia (including from EAEU member states), the import of which shall be deemed to be an import carried out for the purpose of entrepreneurial activity pursuant to the Law of the Republic of Armenia “On customs regulation”, they shall be obliged to calculate and pay the excise tax amounts originating from those imports to the State Budget in the manner, amount and within the time limits prescribed by the Code.

CHAPTER 17

EXCISABLE OBJECTS, TAX BASE AND RATES

Article 84. Excisable object

1. The following transactions and/or operations, performed with respect to excisable goods shall be deemed to be excisable objects:

(1) the supply of excisable goods, produced or packaged by the producer, where the place of delivery of goods is deemed to be the Republic of Armenia pursuant to Article 37 of the Code. Within the meaning of this point, in cases, prescribed by part 3 of Article 83 of the Code, the transfer of excisable goods to the customer shall also be deemed to be a supply of excisable goods;

(2) import of excisable goods into the Republic of Armenia through the customs procedure “Release for domestic consumption”;

(3) import of excisable goods, having the status of EAEU product, into the Republic of Armenia from the EAEU member states;

(4) supply of compressed natural gas at a NGV-refuelling compressor station. Within the meaning of this point, the consumption of compressed natural gas for domestic economic needs by the taxpayer operating a NGV-refuelling compressor station shall also be deemed to be a supply of compressed natural gas.

Article 85. Excisable tax base

1. In case of transactions and/or operations considered as an excisable object prescribed by Article 84 of the Code, the excisable tax base shall be the quantity (volume) of goods expressed in in-kind measurement units, prescribed by Article 88 of the Code.

(Article 85 amended by HO-261-N of 23 March 2018, edited by HO-68-N of 25 June2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 86. Peculiarities of determining excisable tax base

(Article repealed by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 87. Excisable goods

1. Excisable goods shall be:

(1) ethyl spirit (except for cognac spirit);

(2) alcoholic beverages;

(3) beer;

(4) wine;

(5) tobacco products (including manufactured tobacco substitutes, cigars, cigarillos). For the application of this point, tobacco products shall be products containing tobacco or regenerated tobacco or nicotine or substitutes thereof — designed to inhale without burning— classified under the CN FEA codes 2404 11 000 9, 2404 12 000 0 and 2404 19 000;

(6) lubricating oil;

(7) petrol;

(8) diesel fuel;

(9) crude oil;

(10) mineral oils;

(10.1)

(10.2)

(11) oil gases;

(12) other gas-like hydrocarbons (except for the natural gas that is considered non-compressed);

(13) compressed natural gas.

Within the meaning of point 13 of this part, compressed natural gas shall be deemed to be natural gas classified under CN FEA 2711 21 000 0 code which is made as a result of gas processing by several stages (purification of mixture, elimination of moisture and other contaminants and compression) without changes in the composition of the natural gas.

(Article 87 supplemented, amended by HO-517-N of 7 December 2022)

(Law HO-517-N of 7 December 2022 has a final part and a transitional provision)

(Article as amended by Law HO-474-N of 4 December 2024 shall enter into force on the 1st of the seventh month following the month covering the day of official promulgation of the same Law)

Article 88. Excise tax rates

1. The excise tax in respect of the tax base of transactions and operations deemed to be excisable objects (except for transactions and operations with respect to the products classified under codes provided for by rows 1, 2, 3, 10, 14 and 15 of this table), prescribed by Article 84 of the Code, shall be calculated by the product of the rates specified in this part and the excise tax calculation coefficient specified in part 2 of this Article. The excise tax in respect of the tax base of transactions and operations with respect to the products classified under codes provided for by rows 1, 2, 3, 10, 14 and 15 of the table of this part shall be calculated by the rates specified in this part:

No	Product Code according to CN FEA	Name of the product group	Excise tax rate (AMD)			
			Tax base measurement unit	from 1 January 2024	from 1 January 2025	from 1 January 2026
1.	2207	Ethyl spirit	1 litre (recalculated for 100% spirit)	6300	6900	7600
2	2208 (except for 2208 90 330 0 2208 90 380 0 2208 90 480 0 2208 20 2208 30 2208 40)	alcoholic beverages	1 litre	3800	4200	4600
3.	2208 90 330 0 2208 90 380 0 2208 90 480 0	Vodka made from fruits and/or berries	1 litre	3800	4200	4600
4	2208 20	cognac, brandy and other alcoholature	1 litre (recalculated for 100 percent spirit)	a. AMD 3 300 per litre including for beverages with ageing period, 1-3 years b. AMD 3 800 per litre including for beverages with ageing period, 4-5 years c. AMD 6 500 per litre including for beverages with ageing period, 6-10 years d. AMD 9 300 per litre including for beverages with ageing period, 11-15 years e. AMD 15 300 per litre including for beverages with ageing period, 16-19 years f. AMD 24 000 per litre including for beverages with ageing period, 20 and more years		
5.	2208 30 2208 40	brandy, rum and other alcoholature	1 litre	8000		

No	Product Code according to CN FEA	Name of the product group	Tax base measurement unit	Excise tax rate (AMD)		
				from 1 January 2024	from 1 January 2025	from 1 January 2026
6.	2203 00	beer	1 litre	150		
7.	2204	grape wine	1 litre	165		
8.	2205	vermouth and other grape wines	1 litre	1100		
9.	2206 00	other fermented beverages (apple cider, perry (pear cider), mead), expect for fruit, berry, fruity wines and other wines	1 litre	165		
10.	2402 (except for 2402 10 000 01 2402 90 000 01 2402 10 000 02 2402 90 000 02)	tobacco products	1000 items	16100	17700	19500
11.	2402 10 000 01 2402 90 000 01	cigars	1000 items	660000		
12.	2402 10 000 02 2402 90 000 02	cigarillos	1000 items	18000		
13.	2403	manufactured tobacco substitutes	1 kg	1640		
14.	2404 11 000 9	Tobacco products	1000 2404 11 000 9 items	3400	3750	4150
15.	2404 12 000 0 2404 19 000	Tobacco products	1mililitre	65	80	100
16.	2710 19 710 0 - 2710 19 980 0 3403 19 100 0, 3403 19 900 0, 3403 99 000 0	lubricating oil	1 kg	550		
17.	2710 12	petrol	1 tonne	43600		
18.	2710 (except for 2710 12 2710 19 710 0- 2710 19 980 0)	diesel fuel	1 tonne	14200		
19.	2709 00	crude oil, mineral oils	1 tonne	29450		
19.1.						

19.2.

No	Product Code according to CN FEA	Name of the product group	Excise tax rate (AMD)			
20.	2711 (except for 2711 11 000 0	Oil gases and other gas-like hydrocarbons	Tax base measurement unit	from 1 January 2024	from 1 January 2025	from 1 January 2026
	2711 21 000 0)		1 tonne	1100		
21.	2711 21 000 0	compressed natural gas	1 tonne	37100		

2. In cases prescribed by part 1 of this Article, the following coefficients for calculation of the excise tax shall be accepted as a basis:

	from 1 January 2024	from 1 January 2025	from 1 January 2026
excise tax calculation coefficient	1.08	1.16	1.24

3. Excise tax rate shall be increased by AMD 7.5 (except for cognac spirit) for each full percentage point exceeding 40 percent of alcohol concentration in case of goods — classified under 2208 CN FEA code — with alcohol concentration higher than 40 percent, and excise tax of AMD 100 per litre shall be defined for goods with including nine percent alcohol concentration.

4. In case of alienation of bottled goods classified under 2207 CN FEA code and of goods classified under 2208 CN FEA code (except for unbottled cognac and unbottled cognac spirit with 40 percent or higher alcohol concentration and bottled goods under 2208 20 CN FEA code) by excise taxpayers, as well as organisations and individual entrepreneurs not deemed to be excise taxpayers, the alienation price of those goods (including excise tax and value added tax) may not be less than AMD 6 000 per litre, recalculated for 100 percent spirit."

5. In case of alienation of bottled goods classified under 2208 20 CN FEA code by excise taxpayers, the alienation price of those goods (without excise tax and value added tax) may not be less than the following per litre, recalculated for 100 percent spirit:

(1) AMD 5 000 per litre including for beverages with ageing period, up to 3 years;

(2) AMD 5 500 per litre including for beverages with ageing period, 4-5 years;

(3) AMD 6 000 per litre including for beverages with ageing period, 6-7 years;

(4) AMD 9 000 per litre including for beverages with ageing period, 8-10 years;

(5) AMD 14 000 per litre including for beverages with ageing period, 11 and more years.

6. Organisations and private entrepreneurs importing, producing and/or packaging cognac classified under CN FEA code 2208 20 shall be obliged to mark the ageing degree thereof according to years on the package of the cognac as prescribed by the Government. In case of absence of marking on the package with regard to the ageing degree of cognac classified under CN FEA code 2208 20, excise tax shall be calculated in the amount which is not less than the rate prescribed by sub-point "f" on the line of the table of part 1 of this Article that is related to 2208 20 CN FEA code.

7. Where the total sum of the excise tax set for 1 tonne of petrol and VAT calculated as prescribed by Section 4 of the Code is less than the product of AMD 135 000 and the excise tax calculation coefficient set for each year under part 2 of this Article, the excise tax shall be increased by an amount necessary to make the total sum of the excise tax and VAT for 1 tonne of petrol equal to the product of AMD 135 000 and the excise tax calculation coefficient set for each year under part 2 of this Article.".

(Article 88 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, edited, supplemented by HO-357-N of 13 June 2018, amended by HO-16-N of 9 April 2019, edited by HO-68-N of 25 June 2019, amended by HO-408- N of 16 December 2021, amended, edited and supplemented by HO-517-N of 7 December 2022, amended, edited by HO-200-N of 26 June 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

(Article as amended by Law HO-474-N of 4 December 2024 shall enter into force on the 1st of the seventh month following the month covering the day of official promulgation of the same Law)

CHAPTER 18

EXCISE TAX BENEFITS

Article 89. Transactions exempt from excise tax

1. Exemption from excise tax shall be the failure to calculate excise tax against the tax base of the transactions deemed to be excisable tax objects prescribed by Article 84 of the Code.

2. The following transactions, prescribed by Article 84 of the Code, shall be exempt from excise tax:

(1) supply of excisable goods exported from the territory of the Republic of Armenia through customs procedure “Export”, as well as supply of excisable goods produced as a result of processing of raw materials imported to the Republic of Armenia through customs procedure “Inward processing” and exported from the Republic of Armenia through the customs procedure “Re-export”;

(2) supply of excisable goods (including goods produced or packaged within the territory of the Republic of Armenia from the raw materials provided by the non-resident organisation not having a permanent establishment or a non-resident natural person not having a permanent establishment under contracts concluded therewith, having the status of EAEU product), having the status of EAEU product, exported from the territory of the Republic of Armenia into the EAEU member state in case of submitting the document prescribed by part 1 of Article 76 of the Code to the tax authority;

(3) supply of goods subject to excise tax to the organiser of a duty free shop, as well as supply of excisable goods — designed for sales in a duty free shop within the scope of organising centralised supplies — to the centralised supplier. Moreover, the centralised supplier shall, within 60 calendar days after acquisition, be obliged to supply the goods referred to in this part to the organiser of the duty free shop. The status of the centralised supplier shall be granted to the taxpayer by the organiser of the duty free shop. The Government shall stipulate the procedure for informing the tax authority of granting — by the organiser of duty free shop — to the taxpayer the status of the centralised supplier, as well as the procedure for recording the goods referred to in this point, with the centralised supplier;

(4) supply of unbottled cognac with 40 percent or higher alcohol concentration to organisations or individual entrepreneurs producing cognac;

(5) transfer of the right of ownership over excisable goods to the state or community in the form of confiscation or gift. This point shall not extend to the transactions on alienation of the right of ownership over excisable goods to the state or community in the form of confiscation, in case of which the transaction is excisable as prescribed by the Code;

(6) import by the organiser of a duty-free shop under the customs procedure "Release for domestic consumption" for the purpose of completing the customs procedure "Duty-free trade" of foreign excisable goods sold to the persons referred to in the sub-point 3 of point 2 of Article 243 of the Customs Code of the Eurasian Economic Union approved by Annex No 1 of the Treaty on Customs Code of the Eurasian Economic Union of 11 April 2017;

(7) import of excisable goods, having the status of EAEU product, from EAEU member states to the duty-free shops operating in the Republic of Armenia.

(Article 89 supplemented by HO-266-N of 21 December 2017, edited by HO-68-N of 25 June 2019, supplemented by HO-454-N of 24 November 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-454-N of 24 November 2022 has a final part and transitional provisions)

CHAPTER 19

EXCISE TAX CALCULATION

Article 90. Reporting period

1. Every reporting month shall be deemed to be a reporting period for excise tax calculation and payment.

Article 91. Procedure for calculation of the amount of excise tax subject to

payment to the State Budget

1. Excise taxpayers shall pay the positive difference of the excise tax amounts calculated against the tax base of the transactions, performed during the reporting period, deemed taxable objects prescribed by points 1 and 4 of part 1 of Article 84 of the Code and of the excise tax amounts offset (reduced) as prescribed by Article 92 of the Code (unless otherwise prescribed by Article 93 of the Code) to the State Budget for the reporting period.

Article 92. Procedure for offsets (reductions) of excise tax

1. Excise tax offsetable (reducible) amounts shall be:

(1) separate excise tax amounts in tax invoices (including in cases, when the date of issuance of the tax invoice is included in any reporting period preceding or following the reporting period, however, the transaction referred to in the tax invoice has been performed (i.e. the date of supply of goods referred to in the tax invoice is included) during that reporting period)), issued by the suppliers of excisable raw material, acquired during the reporting period in the territory of the Republic of Armenia. Excise tax amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of acquiring raw material, where tax invoice, issued by suppliers, pertaining to the relevant transaction has been confirmed by the person acquiring the raw material as prescribed by part 1 of Article 68 of the Code prior to and including the deadline prescribed by part 1 of Article 96 of the Code, for the submission of the unified calculation report of VAT and excise tax;

b. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of confirming the tax invoice, issued by suppliers pertaining to the relevant transaction, by the person acquiring the raw material as prescribed by part 1 of Article 68 of the Code, where the tax invoice has not been confirmed prior to and including the deadline prescribed by part 1 of Article 96 of the Code, for the submission of the unified calculation report of VAT and excise tax;

(2) excise tax amounts calculated and paid in the manner and amount prescribed by the Code for the excisable raw material imported into the territory of the Republic of Armenia through the customs procedure “Release for domestic consumption”. Excise tax amounts prescribed by this point (in case of partial payment — partially paid excise tax amounts) shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of the registration of customs declaration of import of raw material, where the excise tax amounts have been paid before the last day of the reporting period inclusive, covering the day of registration of the customs declaration;

a.1. in case the day of registration of customs declaration on import of raw materials and the day of payment of excise tax amounts fall into different reporting periods — by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day which is later of the two dates;

b. in case of submitting verified customs declaration of import of raw material as prescribed by the EAEU unified customs legislation, by unified calculation report of VAT and excise tax, with respect to the additional excise tax amount subject to offset (reduction), submitted to the tax authority for the reporting period that includes the day of the registration of verified customs declaration of import and the day of the payment of additional excise tax amounts, and — in case those days are included in different reporting periods — for the reporting period that includes the last of those days;

c. in case of imposing an additional liability with respect to excise tax as a result of post-release checks carried out by the tax authority on import of raw material, by unified calculation report of VAT and excise tax, in the excise tax amount paid, submitted to the tax authority for the reporting period that includes the day of the fulfilment of that liability (including partial);

(3) excise tax amounts calculated and paid in the manner and amount prescribed by the Code for the excisable raw materials, having the status of EAEU product, imported into the Republic of Armenia from the EAEU member states. Excise tax amounts prescribed by this point shall be offset (reduced):

a. by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of importing the raw materials into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia), where the tax declaration of import of raw material has been submitted to the tax authority and excise tax amounts with respect to import have been paid prior to and including the deadline, prescribed by part 1 of Article 96 of the Code, for the submission of the unified calculation report of VAT and excise tax for the reporting period that includes the day of importing the raw materials into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia);

b. by unified calculation report of VAT and excise tax submitted to the tax authority for the

reporting period that includes the day of the submission of tax declaration of import of raw material to the tax authority and the day of the payment of excise tax amounts, and — in case those days are included in different reporting periods — for the reporting period that includes the last of those days, where the tax declaration of import of raw material has not been submitted to the tax authority and/or excise tax amounts with respect to import have not been paid prior to and including the deadline, prescribed by part 1 of Article 96 of the Code, for the submission of the unified calculation report of VAT and excise tax;

c. in case of submitting verified tax declaration of import of raw material as prescribed by the EAEU unified customs legislation or the Code, by unified calculation report of VAT and excise tax, with respect to the additional excise tax amount subject to offset (reduction), submitted to the tax authority for the reporting period that includes the day of the submission of verified tax declaration of import and the day of the payment of additional excise tax amounts, and — in case those days are included in different reporting periods — for the reporting period that includes the last of those days, unless otherwise prescribed by this sub-point. In case of submitting the verified tax declaration of import of raw material as prescribed by the EAEU unified customs legislation or the Code before the deadline prescribed by part 1 of Article 96 of the Code for the unified calculation report of VAT and excise tax for the reporting period and in case the additional excise tax amounts have been paid prior to that day, then the additional excise tax amounts reflected in the verified tax declaration of import shall be offset based on the unified calculation report of VAT and excise tax to be submitted to the tax authority for the reporting period;

d. in case of imposing an additional liability with respect to excise tax on the import of raw material as a result of the inspection carried out by the tax authority, by unified calculation report of VAT and excise tax, in the additional excise tax amount paid, submitted to the tax authority for the reporting period that includes the day of the fulfilment of that liability (including partial).

(Article 92 has been edited by HO-68-N of 25 June 2019, supplemented by HO-257-N of 15 June 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 93. Restrictions on offsets (reductions)

1. For the purposes of calculation of excise tax amounts subject to payment to the State Budget or subject to compensation from the State Budget as prescribed by Articles 91 and 95 of the Code, excise tax offsets (reductions) shall not be made:

(1) by those who are not considered excise taxpayers;

(2) where the acquired and/or imported excisable raw material is attributed to the transactions exempt from excise tax, except for cases prescribed by points 1-3 of part 2 of Article 89 of the Code;

(3) where the tax invoice is considered a paper-transfer document pursuant to point 55 of part 1 of Article 4 of the Code;

(4) where the transaction pertaining to the tax invoice has been declared invalid pursuant to Article 41 of the Code.

Article 94. Procedure for reformulation of liabilities and offsets (reductions)

1. In case of loss of excisable raw material acquired by excise taxpayers, excise tax amounts pertaining to that raw material shall not be subject to offset (reduction), where those loses shall not be subject to deduction from gross income for the purpose of taxation pursuant to Section 6 of the Code. Pursuant to Section 6 of the Code in case the value of loss is determined on annual basis, the offsetable (reducible) excise tax amount calculated more as compared with the annual norm of loss within each reporting period of excise tax shall be recalculated based on annual results during the last reporting period of excise tax of the given year, considering the difference as a reduction of excise tax offsetable (reducible) amount during the last reporting period.

2. Where separate excise tax amounts in customs or tax declaration of import submitted previously by the verified customs or tax declaration of import of excisable raw material (including that imported from EAEU member states), submitted as prescribed by the EAEU unified customs legislation or the Code, decrease, the difference of separate excise tax amounts in customs or tax declaration of import and in verified customs or tax declaration of import shall be deducted from excise tax amounts subject to offset (reduction) by unified calculation report of VAT and excise tax submitted to the tax authority for the reporting period that includes the day of the registration or submission to the tax authority of the verified customs or tax declaration of import.

3. Where separate excise tax amounts in customs declaration of import decrease as a result of post-release checks carried out by the tax authority on import of excisable raw materials, the decreased part of separate excise tax amounts in customs declaration of import shall be deducted from excise tax amounts subject to offset (reduction) by unified calculation report of VAT and excise

tax submitted to the tax authority for the reporting period that includes the day of drawing up an act of post-release checks.

4. With respect to excise tax amounts offset (reduced), failure to make reformulations (deductions) in the cases and manner prescribed by this Article, where it has resulted in the excise tax amount subject to payment to the State Budget in the reporting period being underreported compared to the amount calculated as prescribed by the Code, shall be deemed an under-reporting of tax amount in the tax calculation report within the meaning of Article 403 of the Code.

(Article 94 amended by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 95. Procedure for calculation of the amount of excise tax subject to compensation from the State Budget

1. Excise tax amount subject to compensation from the State Budget to the excise taxpayers due to the results of the activities carried out during the reporting period shall be calculated as the negative difference (hereinafter referred to as “excise tax refundable amount”) of the excise tax amount calculated against the tax base of transactions deemed taxable objects, performed during that period and prescribed by points 1 and 4 of part 1 of Article 84 of the Code and of the excise tax amounts offset (reduced) as prescribed by Article 92 of the Code (unless otherwise prescribed by Article 93 of the Code).

2. Excise tax refundable amount generated by the results of the activities carried out during the reporting period shall, in compliance with part 3 of this Article, be directed to repayment of excise tax amounts, subject to payment to the State Budget, generated by unified VAT and excise tax calculation reports by the results of the activities carried out during the reporting period, or shall be credited to the unified account in compliance with part 4 or part 5 of this Article.

3. Where the taxpayer has an excise tax refundable amount as of the day of submission of the unified VAT and excise tax calculation report (including verified) for that reporting period by the results of activities carried out during each reporting period, that amount may be directed to the repayment of the excise tax amounts subject to payment to the State Budget that are generated by the unified VAT and excise tax calculation reports by the results of activities carried out during any reporting period — on the deadline for payment of the excise tax for that reporting period, or before the day preceding the deadline for payment of the excise tax for that reporting period, with the use of the relevant software command made by the taxpayer.

4. Where the unified VAT and excise calculation report for that reporting period by the results of activities carried out during each reporting period generates excise tax refundable amount, that amount shall — provided it is not considered risk-prone in accordance with the criteria defined by the Government — be credited to the single account before the day preceding the deadline for payment of the excise tax for that reporting period, where the relevant software command has been used by the taxpayer, or the deadline for payment of the excise tax for that reporting period. Where the unified VAT and excise tax calculation report (including verified) submitted after the deadline for submission of the unified VAT and excise tax calculation report for any reporting period generates excise tax refundable amount, that amount shall — provided it is not considered risk-prone in accordance with the criteria defined by the Government — be credited to the single account on the day of submission of the unified calculation report (including verified).

5. Excise tax refundable amounts generated by the unified VAT and excise tax calculation report by the results of activities carried out during each reporting period and considered as risk-prone in accordance with the criteria defined by the Government shall be credited to the single account, if it is substantiated by the results of the inspection conducted as prescribed by Section 17 of the Code upon the written application of the taxpayer or by the results of the examination of substantiation of the amounts to be credited to the single account.

(Article 95 edited, supplemented by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 96. Submission of unified calculation reports of VAT and excise tax

1. Excise taxpayers shall submit unified calculation reports of VAT and excise tax to the tax authority as prescribed by Article 53 of the Code, prior to and including the twentieth day of the month following each reporting period, except for cases prescribed by part 2 of this Article.

2. Excise taxpayers shall not submit unified calculation reports of VAT and excise tax with respect to taxable objects prescribed by points 2 and/or 3 of part 1 of Article 84 of the Code.

Article 97. Exemption of transactions on supply of excisable goods exported to

EAEU member states from excise tax

1. Exemption from excise tax of transactions on supply of excisable goods having the status of EAEU product, exported to EAEU member states from the territory of the Republic of Armenia shall be substantiated on the day of the submission of the tax declaration of export to the tax authority by an exporter.

2. In case the export of excisable goods to EAEU member states from the territory of the Republic of Armenia is carried out based on delegation, commission or agency contracts, by the delegatee, commission agent or agent respectively, and the tax declaration of export prescribed by part 1 of this Article is submitted to the tax authority by the delegatee, commission agent or agent respectively, the exemption of transactions on supply of exported goods from excise tax by the delegator, commission principal or principal, respectively, may be substantiated, where the fact of export of goods of the exporter is substantiated by the delegatee, commission agent or agent by relevant settlement documents.

Article 98. Documents submitted to the tax authority in case of importing excisable goods from EAEU member states

1. In case of import of excisable goods, having the status of EAEU product, into the territory of the Republic of Armenia from the EAEU member states (including the cases prescribed by part 4 of Article 83 of the Code) the taxpayer shall be obliged to — prior to and including the twentieth day of the month following the month that includes the day of import of goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia) — submit the documents prescribed by part 1 of Article 77 of the Code to the tax authority.

2. In case the excisable goods, having the status of EAEU product, are imported into the territory of the Republic of Armenia from the EAEU member states based on delegation, commission or agency contracts by the delegatee, commission agent or agent respectively, or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or by a participant of the fair organised in the Republic of Armenia, the documents prescribed by part 1 of Article 77 of the Code shall be submitted to the tax authority by the delegatee, commission agent or agent respectively or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or by the organiser of the fair organised in the Republic of Armenia — prior to and including the twentieth day of the month following the month that includes the day of the alienation of the goods or a part thereof to the buyer.

3. In case the right of ownership over the excisable goods, having the status of EAEU product, imported by the buyer into the Republic of Armenia from the EAEU member states, is transferred to the buyer in the territory of the Republic of Armenia, the buyer shall submit the documents prescribed by part 1 of Article 77 of the Code to the tax authority prior to and including the twentieth day of the month following the month that includes the day of the transfer of the right of ownership over the goods to the buyer.

CHAPTER 20

PROCEDURE FOR PAYING, REFUNDING AND CREDITING EXCISE TAX AMOUNT TO SINGLE ACCOUNT

Article 99. Payment of excise tax amount

1. Excise taxpayers shall pay to the State Budget excise tax amounts, calculated as prescribed by Article 91 of the Code, subject to payment to the State Budget, in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following each reporting period.

2. Excise tax amounts calculated as prescribed by the Code for excisable goods imported into the Republic of Armenia through the customs procedure “Release for domestic consumption”, except for the case prescribed by part 2.1 of this Article, shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority before the release of goods through the customs procedure “Release for domestic consumption” (unless other time limit is prescribed by the EAEU unified legislation).

2.1. The excise tax amounts calculated as prescribed by the Code for excisable goods imported into the Republic of Armenia through customs procedure “Release for domestic consumption” shall, as amounts paid to the customs authority, be paid to the State Budget of the Republic of Armenia within the time limits prescribed by Article 59 of the Customs Code of the Eurasian Economic Union as envisaged for the postponement of payment of customs duty or deferred payment thereof upon grounds prescribed by the same Article, without the condition of fulfilment of the tax liability, with regard to which the customs authority shall adopt a decision on postponement of payment of excise

tax or deferred payment thereof. The procedure for adoption and annulment of the decision on postponement of payment of excise tax or deferred payment thereof shall be established by the Government. In accordance to this part, the customs authority shall charge interests for the postponement of payment of tax amounts or deferred payment thereof, in the amount, manner and within the time limits prescribed by Article 60 of the Customs Code of the Eurasian Economic Union.

3. Excise tax amounts calculated as prescribed by the Code for excisable goods, having the status of EAEU product, imported into the Republic of Armenia from the EAEU member states shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the month that includes the day of import of goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia), except for excisable goods, having the status of EAEU product, imported into the Republic of Armenia from the EAEU member states, subject to stamping with excise stamps, for which the excise tax amounts calculated as prescribed by the Code shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority within the time limit prescribed by part 2 of this Article.

4. In cases prescribed by part 2 of Article 98 of the Code, the excise tax amounts calculated as prescribed by the Code shall be paid to the State Budget of the Republic of Armenia in the form of amounts paid to the tax authority by the delegatee, commission agent or agent or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or the organiser of the fair organised in the Republic of Armenia prior to and including the twentieth day of the month following the month that includes the day of the alienation of the goods to the buyer by the delegatee, commission agent or agent, respectively, or by a permanent establishment of the resident of another EAEU member state located in the Republic of Armenia or the participant of the fair organised in the Republic of Armenia.

5. In cases prescribed by part 3 of Article 98 of the Code, the excise tax amounts calculated as prescribed by the Code shall be paid to the State Budget of the Republic of Armenia by the buyer in the form of amounts paid to the tax authority prior to and including the twentieth day of the month following the month that includes the day of the transfer of the right of ownership over the goods to the buyer.

(Article 99 supplemented by HO-257-N of 15 June 2022)

Article 100. Crediting excise tax amount to single account

1. In cases prescribed by part 4 of Article 95 the Code, the excise tax refundable amounts shall be credited to the single account in the manner and within the time limits prescribed by the Code, and in cases prescribed by part 5 of the same Article — in the manner and within the time limits prescribed by the Code with regard to tax administration.

2. The excise tax amounts paid in excess of the amount prescribed by the Code shall be credited to the single account in the manner and within the time limits prescribed by the Code with regard to tax administration.

(Article 100 edited by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 101. Compensation for excise tax amount

1. Excise tax amounts paid with respect to the goods classified under 2710 19 710 0-2710 19 980 0 codes of CN FEA (except for motor oils classified under 2710 19 820 0 code of CN FEA), acquired by the industrial organisations, shall be compensated to those organisations in the manner and within the time limits prescribed by the Government.

2. Excise tax amounts paid in case of exporting excisable goods from the territory of the Republic of Armenia, through the customs procedure “Export”, acquired by the resident organisation, the individual entrepreneur or the permanent establishment from the producers or the packagers in the territory of the Republic of Armenia or in case of exporting excisable goods, having the status of EAEU product, from the Republic of Armenia into the EAEU member states, shall be compensated in the manner and within the time limits prescribed by the Government.

3. Excise tax amounts paid for the import of goods — while exporting goods through the customs procedure "Release for domestic consumption" or when importing from the EAEU member states into the territory of the Republic of Armenia the excisable goods having the status of EAEU product and exporting those goods by a resident organisation or an individual entrepreneur through the customs procedure "Export", or when exporting from the territory of the Republic of Armenia to the territory of an EAEU member state — shall be compensated in the manner, amount and within the time limits prescribed by the Government.

(Article 101 amended by HO-261-N of 23 March 2018, HO-517-N of 7 December 2022,

amended and supplemented by HO-454-N of 24 November 2022)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

(Law HO-454-N of 24 November 2022 has a final part and transitional provisions)

SECTION 6

PROFIT TAX

CHAPTER 21

PROFIT TAX AND TAXPAYERS

Article 102. Profit tax

1. Profit tax is a state tax paid to the State Budget in the manner, amount and within the time limits prescribed by the Code for a taxable object prescribed by Article 104 of the Code.

Article 103. Profit taxpayers

1. Profit taxpayers shall be:

(1) resident organisations, except for cases prescribed by part 2 of this Article;

(2) the following entities record-registered in the Republic of Armenia:

a. individual entrepreneurs;

b. notaries;

(3) contractual investment funds (except for pension funds and guarantee funds), which are record-registered and have registered their rules in the Republic of Armenia;

(4) non-resident organisations, as well as non-resident natural persons carrying out activities in the Republic of Armenia through a permanent establishment and/or deriving income from the sources of the Republic of Armenia through a permanent establishment.

2. Notwithstanding provisions of point 1 of part 1 of this Article, profit taxpayers shall not be:

(1) the Republic of Armenia represented by state authorities;

(2) the communities of the Republic of Armenia represented by community administration offices;

(3) the Central Bank of the Republic of Armenia;

(4) the diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto;

(5) compensation fund established on the basis of the law of the Republic of Armenia "On compensation for the damages caused to life or health of the servicemen while defending the Republic of Armenia.

(Article 103 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018)

CHAPTER 22

OBJECT TO BE TAXED UNDER PROFIT TAX, TAX BASE AND TAX RATE

Article 104. Object to be taxed under profit tax

1. Objects to be taxed under profit tax shall be:

(1) for resident organisations, individual entrepreneurs record-registered in the Republic of Armenia and notaries (hereinafter referred to as “resident profit taxpayers”) — gross income derived or to be derived (hereinafter referred to as “derived” in this Section) from sources of and/or outside the Republic of Armenia, except for personal income of individual entrepreneurs registered in the Republic of Armenia and notaries;

(2) for investment funds (except for pension funds and guarantee funds) which are record-

registered and have registered their rules in the Republic of Armenia, as well as for securitisation fund established on the basis of the Law of the Republic of Armenia “On asset securitisation and asset backed securities” — total net assets;

(3) for non-resident organisations, as well as non-resident natural persons carrying out activities in the Republic of Armenia through permanent establishment and/or deriving income from the sources of the Republic of Armenia through permanent establishment (hereinafter referred to as “non-resident profit taxpayers”) — gross income derived from the sources of the Republic of Armenia, except for personal income derived from the sources of the Republic of Armenia of non-resident natural persons carrying out activities in the Republic of Armenia through permanent establishment and/or deriving income from the sources of the Republic of Armenia through permanent establishment.

Article 105. Profit tax base

1. Profit tax base shall be:

(1) for resident profit taxpayers — taxable profit, which is determined as a positive difference of the gross income prescribed by point 1 of part 1 of Article 104 of the Code and deductions prescribed by Article 110 of the Code;

(2) for investment funds (except for pension funds and guarantee funds) which are record-registered and have registered their rules in the Republic of Armenia, as well as for securitisation fund established on the basis of the Law of the Republic of Armenia “On asset securitisation and asset backed securities” — total net assets, which is determined in accordance with the procedure defined by the Central Bank of the Republic of Armenia and agreed upon with the tax authority. Within the meaning of this point, the dividends or other amounts distributed in any similar way from the assets of the investment fund to the participants of the investment fund shall not be deducted from the net assets of the investment fund;

(3) for non-resident organisations and non-resident natural persons carrying out activities in the Republic of Armenia through a permanent establishment and/or deriving income from the sources of the Republic of Armenia through a permanent establishment (hereinafter referred to as “non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment”) — taxable profit, which is determined as a positive difference of the gross income prescribed by point 3 of part 1 of Article 104 of the Code and deductions prescribed by Article 110 of the Code, taking into account peculiarities prescribed by Article 133 of the Code;

(4) for non-resident organisations carrying out activities in the Republic of Armenia without a permanent establishment and/or deriving income from the sources of the Republic of Armenia without a permanent establishment (hereinafter referred to as “non-resident profit taxpayers carrying out activities in the Republic of Armenia without a permanent establishment”) — gross income prescribed by point 3 of part 1 of Article 104 of the Code;

(5) with regard to the activities not attributable to a permanent establishment and/or the income of non-resident organisations carrying out activities in the Republic of Armenia through a permanent establishment — gross income prescribed by point 3 of part 1 of Article 104 of the Code.

(Article 105 amended by HO-266-N of 21 December 2017)

Article 106. Principles of the determination of profit tax base

1. While determining the profit tax base:

(1) accounting shall be conducted based on the principles and rules prescribed by laws and other legal acts regulating accounting and the drawing up of financial statements, unless peculiarities of the application thereof are prescribed by this Section of the Code and the general part of the Code;

(2) assets and liabilities shall be taken into account at their initial value, except for assets and liabilities re-evaluated as prescribed by law, which are considered at their re-evaluated value. Within the meaning of this point, assets and/or liabilities shall be deemed re-evaluated as prescribed by law, where the re-revaluation was conducted in accordance with the law, which prescribes that re-revaluation of assets and/or liabilities shall be conducted for the purpose of the determination of profit tax base or the calculation of profit tax;

(3) after the acquisition of acquired assets, the adjustments (increase or deduction) of VAT amounts subject to offset (reduction) in accordance with parts 2 and 4 of Article 73 of the Code shall not alter the initial or book value of those assets;

(4) with regard to deficit of assets revealed as a result of tax control, increase or deduction of tax base shall not be made;

(5) only income and deductions generated due to the creation of reserves prescribed by the Code shall be taken into account.

Article 107. Sources of income

1. Income derived from the sources of the Republic of Armenia shall be:

(1) entrepreneurial income in cases prescribed by part 2 of this Article;

(2) passive income in cases prescribed by part 3 of this Article.

Incomes referred to in points 1 and 2 of this part shall also include:

(1) income from the provision of services by a non-resident outside the territory of the Republic of Armenia to a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, in cases prescribed by part 4 of this Article;

(2) income prescribed by part 4 of Article 109 of the Code;

(3) other incomes prescribed by part 5 of this Article.

2. For the purposes of point 1 of part 1 of this Article, entrepreneurial income shall be deemed income derived from the sources of the Republic of Armenia, where:

(1) the place of delivery of goods is the Republic of Armenia in accordance with Article 37 of the Code;

(2) the work has actually been performed or the service has actually been provided within the territory of the Republic of Armenia, notwithstanding the provisions of Article 39 of the Code. In particular, within the meaning of this Section, the work shall be deemed to be actually performed or the service to be actually provided within the territory of the Republic of Armenia, where:

a. the preparation and implementation of construction (including exploration, development, design, installation, architectural and technical supervision), repair, restoration and landscaping of immoveable property, as well as works performed and services provided by agents and experts on purchase and sales of immovable property (including services on valuation of immovable property) are directly connected to the immovable property located or constructed within the territory of the Republic of Armenia;

b. service on transportation of cargo and/or passengers (except for postal service and service on transportation of cargo and/or passengers by air) is actually provided within the territory of the Republic of Armenia. In case when only a part of service on transportation of cargo and/or passengers is actually provided within the territory of the Republic of Armenia, and compensation for the service actually provided within the territory of the Republic of Armenia is separated in the settlement documents concerning the contract on the provision of service, only income corresponding to that part shall be deemed income received from the sources of the Republic of Armenia. Within the meaning of this sub-point, the compensation for the service actually provided within the territory of the Republic of Armenia shall be deemed to be separated in the settlement documents concerning the contract on the provision of service, where the compensation for the service on transportation of cargo and/or passengers from the border settlement area (including that located within the territory of the neighbour state) to the point of destination (or vice versa) within the territory of the Republic of Armenia is separately presented in those documents. Within the meaning of this sub-point, transportation service shall also mean the intermediary activities of organising transportation of cargo and/or passengers through (by involving) other organisations and/or natural persons;

c. postal service or service on transportation of cargo and/or passengers by air is actually provided within the territory of the Republic of Armenia. In case when only a part of postal service or service on transportation of cargo and/or passengers by air is actually provided within the territory of the Republic of Armenia and the volume of the service — expressed in relevant measurement units — actually provided within the territory of the Republic of Armenia is separated in the statement issued by the competent authority of the Government, the income to be received from the sources of the Republic of Armenia shall be determined by the product of the total compensation for the service and the portion of the volume of the service actually provided within the territory of the Republic of Armenia in the total volume of the service, except for cases prescribed by sub-point “e” of this point;

d. at the time of carrying out packaging, loading, unloading, accompanying of goods and other similar works performance and/or provision of services directly related to the services prescribed by sub-points “b” and “c” of this point, the products have actually been within the territory of the Republic of Armenia;

e. postal service starts within the territory of the Republic of Armenia (in case postal service started within the territory of the Republic of Armenia ends outside the territory of the Republic of Armenia, the whole amount of compensation for the contract shall be deemed income received from the sources located within the territory of the Republic of Armenia, notwithstanding the fact that compensation for service actually provided within the territory of the Republic of Armenia is separated in the settlement documents concerning the contract on the provision of service);

f. telecommunication services were provided by telecommunication operators, by using telecommunication facilities located and/or registered within the territory of the Republic of Armenia;

g. information is delivered from a postal address within the territory of the Republic of Armenia and/or to a postal address within the territory of the Republic of Armenia;

h. preparation and/or dissemination of advertisement is carried out within the territory of the Republic of Armenia;

i. the person being provided audit service is registered or record-registered in the Republic of Armenia in a manner prescribed by law;

(3) the income was derived from intermediary activities carried out within the territory of the Republic of Armenia;

(4) the income was derived by non-resident profit taxpayer for the provision of management, financial or insurance services to its permanent establishment in the Republic of Armenia.

Where the nature of works performed or services provided by a non-resident profit taxpayer does not allow to separate the part of works performed or services provided within the territory of the Republic of Armenia or the income cannot be attributed to the sources located outside the territory of the Republic of Armenia, income derived from the performance of such works or the provision of such services shall be deemed fully derived from the sources of the Republic of Armenia.

3. For the purposes of point 2 of part 1 of this Article, passive income shall be deemed income derived from the sources of the Republic of Armenia, where:

(1) dividends are received from participation in the authorised or share capital of a resident organisation (stock, share, unit) or joint activity prescribed by Chapter 5 of the Code;

(2) interests are received from a resident organisation or a permanent establishment or a natural person who is a citizen of the Republic of Armenia (including individual entrepreneurs, notaries);

(3) royalties are received from a resident organisation or a permanent establishment or a natural person who is a citizen of the Republic of Armenia (including individual entrepreneurs, notaries);

(4) rental or servitude payment is received:

a. against granting the right to possess and/or use an immoveable property located within the territory of the Republic of Armenia;

b. against granting the right to possess and/or use such movable property (except for aircraft), which is registered (subject to registration) in the Republic of Armenia throughout the term of the rent contract as prescribed by the legislation of the Republic of Armenia or which is located within the territory of the Republic of Armenia at the time of concluding the rent contract;

(5) the capital gain (except on stocks and other investment securities) of a non-resident profit taxpayer is generated from the alienation of assets within the territory of the Republic of Armenia (except for cases when the capital gain is a result of entrepreneurial activity of a permanent establishment); whereas in case of stocks and other investment securities, where the capital gain is generated from the alienation of stocks of a resident organisation or of other investment securities issued by that organisation. Moreover:

a. in case of availability of the documents confirming the fact of import, transfer of the assets into the Republic of Armenia and/or their placement in the Republic of Armenia, the initial value of assets shall be determined taking into account the value specified in the documents related to their import (customs declaration of import or tax declaration of import), in the settlement documents related to transfer and/or placement thereof, where the settlement documents on the purchase of assets prescribed by sub-point “b” of this point are not available;

b. in case of availability of the settlement documents confirming the fact of purchase of assets, the initial value of assets shall be determined taking into account the value specified in the settlement documents related to their purchase, transfer and/or placement;

c. in case of alienation of assets subject to depreciation or amortisation (hereinafter referred to as “amortisation”), the capital gain generated from their alienation shall be calculated taking into account their book value at the time of alienation, based on the document issued by the alienator;

d. in case of alienation of assets re-evaluated as prescribed by law, the capital gain generated from their alienation shall be calculated taking into account their re-evaluated value, where the results of that re-evaluation are taken into account while determining the profit tax base or the profit tax;

e. in case of foreign currency exchange, the capital gain shall be calculated as a positive difference of funds received in AMD and the foreign currency amount paid against them, recalculated in AMD at average exchange rate established in currency markets and published by the Central Bank of the Republic of Armenia;

f. with regard to assets alienated by a non-resident, in case the documents specified in sub-points “a”, “b” and “c” of this point are not available, the capital gain shall be deemed the total value of the assets alienated by a non-resident;

(6) other passive incomes are received from a resident organisation or a permanent establishment or a natural person who is a citizen of the Republic of Armenia (including individual

entrepreneurs, notaries).

4. For the purposes of point 1 of the second paragraph of part 1 of this Article, income from the provision of services by a non-resident outside the territory of the Republic of Armenia to a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, shall be deemed income derived from the sources of the Republic of Armenia, where such income is derived from the provision of consultancy, legal, accounting, management, expert, marketing, advertising, translation, engineering and other similar services.

5. For purposes of point 3 of the second paragraph of part 1 of this Article, other incomes not specified in parts 2-4 of this Article shall be deemed incomes derived from the sources of the Republic of Armenia, where they are derived from a resident organisation or a permanent establishment or a natural person who is a citizen of the Republic of Armenia (including individual entrepreneurs, notaries), except for cases prescribed by the second paragraph of this part.

Where other income specified in this part cannot be attributed to the sources located outside the territory of the Republic of Armenia, the income shall be deemed fully derived from the sources of the Republic of Armenia.

6. Incomes, which are not deemed incomes derived from the sources of the Republic of Armenia according to parts 1-5 of this Article, shall be deemed incomes derived from the sources outside the Republic of Armenia.

(Article 107 amended by HO-261-N of 23 March 2018)

Article 108. Items not deemed income

1. For the purpose of determination of profit tax base, the following items shall not be deemed income for profit taxpayers:

(1) investment in the authorised capital (fund) of the profit taxpayer made by the participants (shareholders, equity holders, members), as well as other investment in other items of the own capital of the profit taxpayer made by the participants (shareholders, equity holders, members) for the purpose of repayment of the tax loss of the previous tax years — in the amount not exceeding the tax loss of the previous tax years;

(2) in case of a decision on liquidation of the profit taxpayer — investments made by the participants (shareholders, equity holders, members) in the own capital of the profit taxpayer;

(3) positive difference of the offering price and the nominal value of stocks, shares or units of a profit taxpayer;

(4) the positive difference of the sales price of stocks, shares or units repurchased by a profit taxpayer and the book value thereof where such stocks, shares or units have been repurchased in accordance with the requirements of law;

(5) in case of liquidation of another organisation, positive difference of the residual property value received for stocks, shares or units owned in that organisation by the profit taxpayer and the book value of the stocks shares or units;

(6) goods received, works accepted and/or services received, as an investment made in joint activity, by the reporting participant of joint activity from a participant of joint activity, where the transactions specified in this point are carried out by the reporting participant after the submission of the declaration prescribed by Article 32 of the Code;

(7) positive result of re-evaluation of assets, including foreign currency, other assets expressed in foreign currency, as well as assets expressed in bank gold and other precious metals;

(8) negative result of re-evaluation of liabilities, including liabilities expressed in foreign currency, as well as liabilities expressed in bank gold and other precious metals;

(9) amounts of tax benefits and of benefits with respect to fees;

(10) amounts provided from the state or community budget directed to the fulfilment of tax liabilities, as well as the amounts directed to the fulfilment of tax liabilities imposed based on the results of tax control;

(11) assets (including participation fees), works and services received without compensation by non-commercial organisations;

(12) in case of liquidation of a taxpayer — the amount of tax liability of up to AMD 1 000;

(13) incomes received from the securities proving the participation in the investment funds (including from their alienation, exchange, other similar transactions, distribution of dividends or other distributions carried out in a similar way, as well as from transactions performed based on the assets of the contractual investment funds);

(14) in case of delaying the refund of the amounts available on the single account or the single account for administrative acts for more than 30 days from the term prescribed by Article 327 of the

Code — fines accrued in favour of a taxpayer for each delayed day following that term, as well as income tax amounts calculated and paid from the salary and other equivalent fees paid as remuneration for labour, refunded (compensated) to the income taxpayer (tax agent) in the manner and size prescribed by the legislation;

(15) ***(point repealed by HO-68-N of 25 June 2019)***

(16) the compensation amounts received from the entity having an electric energy distribution license of an autonomous energy producer using renewable energy resources, as well as the compensations received in the form of electric energy for the electric energy supplied to the entity having electric energy distribution license by an autonomous energy producer using renewable energy resources in case of equal reciprocal flows;

(17) funded contributions made from the State Budget of the Republic of Armenia for (in favour of) the individual entrepreneur or a notary within the framework of the funded component of the pension system of the Republic of Armenia;

(18) the amounts of penalties and/or fines accrued against natural persons (except for natural persons having received a loan as an individual entrepreneur or a notary) with regard to the assets recorded in banks and credit organisations and recognised as uncollectible before 31 August 2020, as calculated before being recognised as uncollectible and having been deducted from the gross income for the purpose of taxation, and as released (including partially) to the given natural person pursuant to the procedure jointly approved by the Government authorised body and the Central Bank of the Republic of Armenia. The interests and/or penalties and/or fines accrued against borrowers with regard to the assets and calculated while being recorded in off-balance sheet accounts (below-line accounts) and recognised as uncollectible as of the moment of the recording (calculation, accrual) thereof, as well when being assigned or released (including partially) — shall not be deemed to be an income for the purpose of taxation;

(19) proceeds from the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia Law "On state duty";

(20) incomes derived from alienation of space objects and equipment, their repair or modernisation, transmission and processing of satellite data from remote observation of the Earth, launch of space objects, provision of management services during landing and flight and/or performance of works up to 31 December 2030;

(21) amounts received by banks or credit organisations which they have received as an insurance compensation, with regard of which the bank or the credit organisation is a beneficiary to the extent that those amounts shall — upon the insurance contract — be provided by banks or credit organisations to natural and legal persons who are creditors or pledgors or be directed to the repayment of the credit of the creditor natural and legal persons;

(22) participation fees received by the Office of Financial System Mediator in accordance with the Law of the Republic of Armenia "On the Financial System Mediator";

(23) the assets (including credit and other amounts before being recognised as uncollectible and interests, fines and/or penalties calculated after being recognised as uncollectible) recorded in banks and credit organisations, deducted from the gross income for the purpose of taxation, formed with regard to the natural person having died, having been declared as person with disabilities or missing as a result of military operations carried out during the period of martial law, his or her spouse, child jointly residing with him or her or a parent jointly residing with him or her, as well as the assets recognised as uncollectible pursuant to the procedure jointly approved by the body authorised by the Government and the Central Bank of the Republic of Armenia, irrespective of the provisions of point 18 of this part;

(24) liabilities (including loans and other amounts, interest amounts, penalties and/or fines accrued) — of an individual entrepreneur or notary having died, having been declared as person with disabilities or missing as a result of military operations carried out during the period of martial law, his or her spouse who is an individual entrepreneur or a notary, child jointly residing with him or her or a parent jointly residing with him or her — being pardoned by banks or credit organisations deemed a resident organisation.

(25) income earned from broadcasting and screening a national film in the cinema, as well as from placing an advertisement during broadcasting and screening up to 31 December of 2030 inclusive;

(26) income generated from alienation of stocks, shares or units of a profit tax payer in other organisation, where the alienation of the stock, share or unit takes place after the expiry of two tax years following the tax year including the day of acquiring the stock, share or unit.

2. For the purpose of determination of profit tax base, the following items shall also not be deemed income for non-resident profit taxpayers:

(1) incomes derived from the foreign economic activity. The following shall be deemed a foreign economic activity:

a. supply of goods by a non-resident to a resident profit taxpayer, where it is substantiated by the

import documents (including by tax declaration of import or customs declaration of import) that import was carried out on behalf of the resident profit taxpayer irrespective of the fact of transfer of the right of ownership over the goods in the territory of the Republic of Armenia;

b. carrying out packaging, loading, transportation, unloading, accompanying, insurance of goods and other similar works performance and/or provision of services directly related to the transaction on supply of goods prescribed by sub-point “a” of this point, where such works have been performed and/or the services have been provided by a non-resident supplier, pursuant to the contract on supply of goods;

c. supply of goods by a non-resident profit taxpayer to a resident outside the territory of the Republic of Armenia or to another non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment.

(Article 108 amended by HO-264-N of 13 December 2017, supplemented by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, HO-153-N of 6 March 2020, HO-258-N of 6 May 2020, HO-293-N of 3 June 2020, amended by HO-449-N of 7 October 2020, supplemented by HO-462-N of 21 October 2020, amended by HO-68-N of 25 June 2019, supplemented by HO-304-N of 30 June 2021, HO-257-N of 15 June 2022, HO-120-N of 22 March 2023, amended by HO-353-N of 2 October 2024, supplemented by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-258-N of 6 May 2020 has a transitional provision)

(Law HO-293-N of 3 June 2020 has a transitional provision)

(Law HO-449-N of 7 October 2020 has a transitional provision)

(Law HO-462-N of 21 October 2020 has a tr ansitional provision)

(Law HO-257-N of 15 June 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and tr ansitional provisions)

Article 109. Peculiarities of record-keeping of certain types of income

1. For the purpose of determination of profit tax base:

(1) income derived from the alienation of buildings, constructions (including unfinished and semi-constructed), residential or other premises, land parcels (hereinafter referred to in this part as “building”) shall be calculated in the amount not less than 80 per cent of the immovable property tax base determined as prescribed by Article 228 of the Code (hereinafter referred to in this point as "cadastral value"). Income earned from alienation of buildings, constructions (including unfinished and half-finished), residential or other premises having undergone state registration after 1 January 2021 on the basis of the contract on the right of purchase of immovable property, shall be calculated as prescribed by the law defining the cadastral valuation procedure approximated to the market value of the immoveable property for the purpose of taxation under the immovable property tax, as in force as of the state registration date of the right of purchase of immovable property, but in the amount not less than 80 per cent of the settlement price (hereinafter in this point “settlement price”) of the immovable property calculated on the basis of qualitative and quantitative characteristics of immovable property as of the date of alienation of the immovable property. In case the compensation (without VAT) is less than that amount, the positive difference of the cadastral value (settlement price) and amount of actual compensation (without VAT) shall be included in the income of the new owner, as of the day of the performance of the transaction, as a released liability, except for cases, where the alienator is an individual entrepreneur or a natural person not deemed a notary, which will not give rise to a released liability for the new owner. Moreover, in case of alienation of the building by a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment to another entity (a resident or a non-resident organisation, a natural person deemed an individual entrepreneur or a natural person not deemed an individual entrepreneur) in the amount less than its cadastral value (settlement price) (without VAT):

a. the incomes of the alienator resident profit taxpayer or the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment shall be calculated in the amount of the cadastral value (settlement price) of the building, from which shall be deducted the book value of the building as of the first day of the month that includes the day of alienation, as well as other taxes additionally calculated from the transaction amount in the manner prescribed by law for a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment;

b. the initial value of the building for a buyer resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment shall

be determined by its cadastral value (settlement price), and the difference between the cadastral value (settlement price) and its actual acquisition price (without VAT), as a released liability, shall be included in the gross income;

(2) the income with respect to transactions on transfer for lease or for gratuitous use of the building shall be calculated in the amount of 80 per cent of cadastral value approximated to the market value as prescribed by the law (in case of a land parcel of agricultural significance — in the amount of its calculated net income) (hereinafter in this point referred to as “cadastral value”), and in case of absence thereof — 2.5 percent of the cadastral value corresponding to the portion of the area transferred for lease or for gratuitous use in the total area of the immovable property, calculated on an annual basis. In case the compensation (without VAT) is less than that amount, the positive difference of 2.5 percent of cadastral value, and in case of the absence thereof — of 2.5 percent of the cadastral value corresponding to the portion of the area transferred for lease or for gratuitous use in the total area of the immovable property, and the amount of the actual rental (without VAT) shall be included in the income of the lessee or borrower, as of the date prescribed by point 4 of part 3 this Article, as a released liability, except for cases, where the lessor or lender is a natural person not deemed an individual entrepreneur or a notary, which will not give rise to a released liability for the lessee or borrower. Moreover:

a. in case of transfer of the building for lease by a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment in an amount less than 2.5 percent (per annum or annualized) of its cadastral value (without VAT):

- incomes of the lessor resident profit taxpayer or the non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be calculated on the basis of 2.5 percent per annum of the cadastral value of the building (taking into consideration the actual period in the reporting year when the building was transferred for lease), and while determining the profit taxable base the amortisation deductions from the gross income (in case of short-term or operating lease), as well as other taxes additionally calculated as prescribed by law from the transaction amount for a resident profit taxpayer or a non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be deducted;

- expenses related to lease for a lessee resident profit taxpayer or a non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be calculated on the basis of 2.5 percent per annum of the cadastral value of the building (taking into consideration the actual period in the reporting year when the building was transferred for lease), and the difference of 2.5 percent of the cadastral value of the building (taking into consideration the actual period in the reporting year when the building was transferred for lease) and the actual rental (without VAT), as a released liability, shall be included in the gross income;

b. in case of transfer to another entity of the building for gratuitous use by a resident profit taxpayer or a non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment:

- incomes of the lender resident profit taxpayer or the non-resident taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be calculated on the basis of 2.5 percent of the cadastral value of the building (taking into consideration the actual period of the gratuitous use of the building in the reporting year), and while determining the profit taxable base the amortisation deductions from the gross income, as well as other taxes additionally calculated as prescribed by law from the transaction amount for a resident profit taxpayer or a non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be deducted;

- rentals for a borrower resident profit taxpayer or a non-resident profit taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, shall be calculated on the basis of 2.5 percent per annum of the cadastral value of the building (taking into consideration the actual period of the gratuitous use of the building in the reporting year), and the 2.5 percent of the cadastral value of the building (taking into consideration the actual period of the gratuitous use of the building in the reporting year), as a released liability, shall be included in the gross income.

Within the meaning of applying the first paragraph of this point in case the construction (including the building, residential or other area) or the land parcel is transferred for the lease or for gratuitous use severally, the cadastral value shall be 80 per cent of cadastral value approximated to the market value of the construction or the land parcel, severally (calculated net income — in case of the land parcel of agricultural significance), and where the construction and the land parcel are jointly transferred for lease or gratuitous use — 80 per cent of the sum total of cadastral value of the construction and the land parcel approximated to the market value.

During the reporting period, in the case of taking on lease or under gratuitous use a property prescribed by this point and /or termination of the right to lease that property or take it under gratuitous use, the income with respect to the mentioned transactions during the reporting period shall be the product of the income prescribed by the first paragraph of this point and the portion of the days when the property was taken on lease or under gratuitous use in the days included in the reporting period;

(3) in case of transfer of the building for lease by a resident profit taxpayer or a non-resident profit

taxpayer, carrying out activities in the Republic of Armenia through a permanent establishment, in an amount not less than 2.5 percent (per annum or annualized) of its cadastral value (without VAT) prescribed by the first paragraph of point 2 of this part, the taxes shall be calculated, and the assets and liabilities shall be record-registered on the basis of the actual transaction price.

Provisions of this part shall not apply:

(1) where the state or the community is a party to a transaction on alienation or provision for lease or for gratuitous use of property units prescribed by this part (except for cases when the transaction is performed through another organisation);

(2) in case of transactions by a bank or a credit organisation for alienation of property prescribed by this part, over which the right of pledge of the bank or credit organisation was registered before the entry into force of the Law of the Republic of Armenia "On establishing the cadastral appraisal procedure approximated to the market value of immoveable property for the purpose of taxation with immoveable property tax", and that property was transferred to the bank or credit organisation as a result of purchase through enforcement or bankruptcy auction;

(3) where the property having passed to the ownership of the bank or the credit organisation (including acquired against debt) and pledged as prescribed by this part are alienated to the former owner of the property (whose property has been confiscated) or to the legal successor thereof within one year after taking that property under the ownership by the bank or the credit organisation;

(4) on transactions for alienation by a lessor to a lessee of the property prescribed by this part within the scope of the lease agreement (types thereof);

(5) on transactions for alienation or transfer for lease of the property units prescribed by this part upon the decisions of the Government.

1.1. Income generated from alienation of the property having been transferred to the bank or a credit organisation by the right of ownership as a result of purchase through enforcement or bankruptcy auction shall be calculated on the basis of the actual transaction price (without VAT), but not less the price of acquisition of that property in the enforcement or bankruptcy auction (without VAT). Regulations prescribed by this part shall apply only in terms of transactions for alienation of the property over which the right of pledge of the bank or credit organisation was registered before the entry into force of the Law of the Republic of Armenia "On establishing the cadastral appraisal procedure approximated to the market value of immoveable property for the purpose of taxation with immoveable property tax".

1.2. Income generated from alienation by the importer of motor vehicle classified under CN FEA 8703 code, imported by organisations or individual entrepreneurs which are not distributors or dealers of the producer of the motor vehicle classified under CN FEA 8703 code for alienation shall be calculated:

(1) in the amount which is not less than the product of sum total of the VAT tax base and the coefficient of 1.2 calculated in accordance with the procedure established by parts 2 and 3 of Article 61 of the Code and the environmental tax paid in accordance with the procedure prescribed by the Code for import of this motor vehicle;

(2) income generated from alienation by the importer of the motor vehicle classified under CN FEA 8703 code, imported for non-alienation shall be calculated in the amount which is not less than the product of the book value and the coefficient of 1.2 calculated for this motor vehicle in accordance with the procedure established by the Code.

1.3. Within the meaning of applying part 1.2 of this Article, it shall be considered that the motor vehicle classified under CN FEA 8703 has been imported:

(1) for the purpose of alienation, if the ownership right of that motor vehicle has not obtained state registration within the time limit and in the manner prescribed by law;

(2) for the purpose of non-alienation, if the ownership right of that motor vehicle has obtained state registration within the time limit and in the manner prescribed by law.

2. The income derived from the provision of intermediary services (the provision of services based on delegation, commission or agency contracts) shall be determined by the sum total of the remuneration of the delegatee, commission agent or agent and the remuneration to be received, as compensation, for the expenses incurred by them in their name.

3. The right to receive income within the framework of the application of accrual basis accounting method prescribed by part 1 of Article 15 of the Code shall be deemed acquired, where the relevant amount is subject to unconditional payment (compensation) to the profit taxpayer (except for non-resident profit taxpayer carrying out activities in the Republic of Armenia without a permanent establishment) or the profit taxpayer (except for non-resident profit taxpayer carrying out activities in the Republic of Armenia without a permanent establishment) has fulfilled the obligations deriving from the transaction or the contract, even if the moment of the fulfilment of that right has been postponed or the fees are made in instalments. In particular:

(1) the right to receive income from supply of goods shall be deemed acquired at the moment of supply of goods prescribed by Article 38 of the Code;

(2) the right to receive income from performance of work and/or provision of service shall be deemed acquired at the moment of performance of work and/or provision of service prescribed by Article 40 of the Code;

(3) the right to receive income in the form of interests (including amounts of interests calculated within the framework of the contracts on leasing (types thereof)) shall be deemed acquired from the maturity date of the acquired debt; Where the maturity of debt includes several reporting periods, incomes in the form of interests with respect to debt shall be accrued according to those reporting periods;

(4) the right to receive income in the form of rental shall be deemed acquired from the point of expiry of the term of the acquired lease contract. Where the expiry of the term of the lease contract includes several reporting periods, incomes in the form of rentals shall be accrued according to those reporting periods;

(5) the right to receive income in the form of dividends shall be deemed acquired on the day when the general meeting of shareholders (equity holders) renders a decision on distribution of dividends from the profit generated from the activities carried out during the reporting year.

4. For the purpose of determination of profit tax base, the following items shall also be deemed income for profit taxpayers:

(1) assets of commercial organisations, individual entrepreneurs and notaries received without compensation. In case prescribed by this Point:

a. assets (except for funds and land parcels) shall be deemed income in a tax year when they are declared as expense or loss despite the fact of deducting that expense or loss from the gross income;

b. the funds shall be deemed income in the tax year they are received, unless otherwise provided for by sub-points “b1”, “b2”, “b3”, “b4” and “b5” of this point;

b1. the dedicated funds received within the framework of the state funded projects shall be deemed income in the tax year, when the given funds or the assets acquired, constructed, created or developed by those funds are declared as expense or loss despite the fact of deducting that expense from the gross income;

b2. the dedicated funds received as compensation for already incurred expenses or caused damages within the framework of state funded projects shall be deemed income in the tax year they are received, except for the cases envisaged by sub-point “b3” of this point;

b3. the dedicated funds received as compensation for expenses already incurred by profit taxpayers with regard to acquired, constructed, created or developed assets within the framework of state funded projects in the field of agriculture shall be deemed income in the tax year, when the acquired, constructed, created or developed assets are declared as expense or loss despite the fact of deducting that expense from the gross income;

b4. the dedicated funds received by agricultural cooperatives established in accordance with the Law of the Republic of Armenia "On agricultural cooperatives" within the framework of projects funded by foreign states, international, interstate (intergovernmental) organisations, which are deemed income in the tax year, when the given funds or the assets acquired, constructed, created or developed by those funds are declared as expense or loss despite the fact of deducting that expense from the gross income;

b5. the target funds received by commercial organisations and individual entrepreneurs engaged in the types of activities included in the list of types of activities of the high technologies sector only, defined by the Government and having declared average annual number of up to 50 (inclusive) hired workers during that tax year, and natural persons performing works or providing services based on civil law contracts shall be deemed income in the tax year these funds or these assets acquired, built, created or developed with these funds are declared as expense or loss, regardless of whether that expense or loss has been deducted from the gross income. Where the average annual number of hired workers and natural persons performing works or providing services based on civil law contracts that are declared by a commercial organisation or individual entrepreneur during any tax year exceeds 50, the part of the funds that is not yet considered income shall be deemed income in the tax year the annual average number exceeds 50.

In observance of the requirements of this sub-point, this sub-point shall apply also to commercial organisations and individual entrepreneurs that have, in addition to the income received in the tax year from types of activities included in the list of types of activities of the high technologies sector only defined by the Government, received also other income, provided that the share of this income does not exceed 10 percent in the gross income for the tax year.

For the purpose of application of this sub-point, the average annual number of workers shall be determined by dividing the total sum of the number of workers as of the last day of each month constituting full months in the given tax year by the number of full months, and where the commercial organisation or individual entrepreneur has obtained state registration (has been record-registered) in December, the average annual number of workers shall be the number of workers that the commercial organisation or individual entrepreneur has as of 31 December of that tax year.

Full months shall not include the month of registration of the commercial organisation (record-registration of the individual entrepreneur), the months covering the day of making an entry on commencing a liquidation process (process of cancelling the record-registration) of the commercial organisation (individual entrepreneur) by the Agency for State Register until the day of liquidation (cancelling the record-registration), as well as the months of terminating the activities of the commercial organisation (individual entrepreneur) for a certain or indefinite period of time.

The provisions of this sub-point shall not extend to cases when the commercial organisation or individual entrepreneur has no full months of activities during the given tax year, except when the commercial organisations or individual entrepreneur has obtained state registration (has been record-registered) in December;

c. land parcels shall be deemed income during ten tax years, including the year they are received — in equal proportions in each tax year. Where the land parcel received without compensation within the period prescribed by this sub-point is alienated, the part of the land parcel's value not yet been deemed income, shall be deemed income in the tax year the land parcel is alienated;

d. unless otherwise prescribed by sub-point "e" of this point, the initial values of assets shall be determined on the basis of values specified in documents concerning the transactions on their purchase, and in case no value is specified in those documents — based on market value determined through expert examination initiated by the profit taxpayer receiving those assets;

e. initial values of buildings, constructions (including unfinished or semi-finished), residential and other premises, land parcels shall be determined in the amount not less than the immoveable property tax base determined as prescribed by Article 228 of the Code;

(2) assets received from a participant of the joint activity by the reporting participant of the joint activity as an investment made in joint activity, where they are received before the submission by the reporting participant of the declaration prescribed by Article 32 of the Code. Assets prescribed by this point:

a. shall be deemed income as prescribed by sub-points "a", "b" and "c" of point 1 of this part;

b. initial values of assets shall be determined pursuant to the contract on joint activity prescribed by Article 31 of the Code, and in case no investment value is provided for by the contract on joint activity — based on market value determined through expert examination initiated by the reporting participant;

(3) assets recognised ownerless based on the court decisions and transferred to a profit taxpayer by the property right. Assets prescribed by this point shall be deemed income in the manner and amount prescribed by point 1 of his part;

(4) ownerless assets in case of the recognition by the profit taxpayer of his/her rights to ownerless assets as prescribed by the legislation (except for those based on court decisions). As prescribed by this Point:

a. assets shall be deemed income in the tax year when the rights of the profit taxpayer to those assets are recognised;

b. initial values of assets shall be determined in the amount equal to the value of the same assets owned by the profit taxpayer receiving those assets, and, in case such assets are not available, in the amount equal to the value of similar assets, and, in case such assets are not available, based on market value determined through expert examination initiated by the profit taxpayer receiving those assets;

(5) the surplus of the property identified during the inventory taking as a basis the initial value of that property. Within the meaning of this point, the surplus of the property identified during the inventory shall be deemed the property which is not in any way recorded by the profit taxpayer and at the same time, there are no documents substantiating that the property belongs to the profit taxpayer or other organisation or other natural person by the right of ownership, except for cases when the profit taxpayer uses the property based on the contract for lease or for gratuitous use. In case prescribed by this Point:

a. property shall be deemed income in the tax year it is identified;

b. initial value of the property shall be determined in the amount equal to the value of the same property owned by the profit taxpayer receiving it, and, in case such property is not available, in the amount equal to the value of similar property, and, in case such property is not available, based on market value determined through expert examination initiated by the profit taxpayer receiving it;

(6) incomes derived from full or partial discount or release of actually arisen (current) liabilities between the parties, except for amounts of tax benefits and of benefits with respect to fees. Within the meaning of this point, no income shall be generated from the discount of liability, where the value of the transaction between the parties is discounted prior to the moment of actual arise of the liabilities of the parties;

(7) insurance compensations;

(8) other incomes received from the compensation for the damage caused (loss incurred);

(9) income in the form of fines, penalties and other property sanctions, except for fines accrued in favour of a taxpayer for each delayed day following the term prescribed by Article 327 of the Code in case of delaying the refund of the amounts on the single account or the single account for administrative acts for more than 30 days from that term;

(10) deductions made from the gross income for the purpose of determination of the tax base in the previous reporting periods with respect to transactions declared invalid;

(11) the following by profit taxpayers, as prescribed by the Government (except for cases prescribed by point 12 of this part):

a. amounts of accounts payables subject to write off for the purpose of taxation;

b. amounts of repayment of uncollectible accounts receivables previously written off;

c. amounts of deductions made to the reserve in a prescribed manner in case of repayment of accounts receivables non-written off.

Within the meaning of this point:

a. in case no repayment period is defined for receivables or payables, the sixtieth day following the day of the performance of the transaction (operation, fact) giving rise to such debt shall be deemed the repayment period for receivables or payables;

b. the term for the statute of limitation for demand receivables and payables shall start from the day of submitting the claim but not later than the sixty first day following the performance of the transaction;

c. in case the repayment period for receivables or payables is extended by mutual consent prior to becoming uncollectible, the receivables or payables shall be deemed delayed in case they are not repaid in the new period;

d. partial repayment of receivables or payables shall not be deemed extension of the repayment period of the debt (amount outstanding);

e. in case of repayment (partial repayment) of receivables or payables arisen from different transactions (operations, facts) between the same taxpayers, the receivables or payables arisen earlier shall be considered repaid (partially repaid) in case of absence of information on receivables or payables being repaid (partially repaid);

f. writing off of uncollectible receivables or payables shall not be deemed release of receivables or payables;

g. in case fines, penalties or interests have been calculated with respect to receivables or payables, at the time of considering such receivables or payables uncollectible and writing them off, fines, penalties or interests calculated with respect to them shall also be considered uncollectible and be written off;

h. the offset of counter receivables or payables arisen from different transactions (operations, facts) between the same taxpayers shall be carried out only upon written consent;

i. in case of the decision and/or consent of the creditor on release of the accounts payable or otherwise not claiming the debt or transferring the debt to a third person without compensation, the amount of accounts payable released or not claimed or transferred without compensation shall be deemed income, where it has not been considered uncollectible prior to it. Within the meaning of this sub-point, it is assumed that there is a decision and/or consent of the creditor on otherwise not claiming the debt, where the creditor has not submitted a claim to the court on ensuring the fulfilment of the debt within the three tax years following the day when accounts payable became overdue, except for the accounts payable arisen as a result of provision of public services;

j. in case of transferring the accounts payable not considered uncollectible to a third person with compensation pursuant to the procedure prescribed by the Government, and in case of paying the accounts payable to notary or court deposit in the manner and in cases prescribed by the law of the Republic of Armenia — non-compensated (not paid) part of the accounts payable shall be deemed income;

(12) the following by specialised persons of banks, credit organisations, insurance companies and the securities market as prescribed jointly by the authorised body of the Government and the Central Bank of the Republic of Armenia:

a. amounts of uncollectible accounts payables written off;

b. incomes accrued as a result of recovering in the balance the uncollectible assets and investment securities previously written off from the balance, except for the cases prescribed by point 18 of part 1 of Article 108 of the Code;

c. in case of assets not written off from the balance — the accrued incomes with respect to deductions from the reserves formed in the prescribed manner;

(13) incomes recognised with respect to technical reserves of the insurance companies, the reinsurer’s share in the technical reserve;

(14) commissions received by the insurance companies from the reinsurance contracts;

(15) fees received by derivative financial instruments registered in the Unified Registry of Derivative Financial Instruments in the manner and within the time limits prescribed by the Law of the Republic of Armenia “On securities market”, which have been formed as a result of the offset and/or netting of liabilities. For the purpose of ensuring the application of this point, the procedure for, the time limits and the volume of providing information from the Trade Registry to the tax authority shall be prescribed by a joint legal act of the Central Bank of the Republic of Armenia and the tax authority;

(14) amounts to be added to VAT amounts subject to offset (reduction), pursuant to part 4 of Article 73 of the Code, where those amounts were recognised as deductions from the gross income with the purpose of profit taxation. The amounts to be added, prescribed by this point, shall be included in the gross income of the tax year, in which the addition of the VAT amounts subject to offset (reduction) is carried out according to the unified calculation report of VAT and excise tax submitted for the VAT reporting period.

5. Where the amount to be compensated for the supply of goods with respect to transactions on supply of goods defined by the Government, shall be subject to verification pursuant to the concluded contract and based on the adjustment data (final quantity and quality features of the goods) after receiving the goods or finishing the processing thereof, the income, in case of supply of those goods, shall be determined based on (notwithstanding the compensation amount subject to payment as a result of final settlement) settlement price per unit of goods as determined by the data published by a foreign stock exchange or a journal and based on the data to be adjusted as provided for by the contract on supply of the given goods (in particular, final quantity and quality features of the goods). Within the meaning of this part:

(1) the data adjusted for the purpose of the determination of income, the maximum adjustment thresholds thereof, as well as the procedure (including the frequency of the determination of a settlement price) for the determination of a settlement price per unit of goods shall be established by the Government;

(2) in case of transactions on supply of goods, the addition or reduction of the income for the supply of goods shall be included in the profit tax calculation report submitted to the tax authority for the reporting period, that includes the day when the final amount of the income for the supply of goods became known, as an addition or reduction of the income.

(Article 109 amended by HO-264-N of 13 December 2017, edited and amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, HO-321-N of 18 June 2020, HO-215-N of 26 May 2021, amended, supplemented, edited by HO-276-N of 4 June 2021, amended by HO-111-N of 4 May 2022, amended, edited and supplemented by HO-120-N of 22 March 2023, supplemented by HO-358-N of 16 November 2023, edited, supplemented by HO-406-N of 12 December 2023, supplemented by HO-101-N of 1 March 2023, amended, supplemented by HO-499-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-215-N of 26 May 2021 has a transitional provision)

(Law HO-276-N of 4 June 2021 has a final part and transitional provisions)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

(Law HO-358-N of 16 November 2023 has a final part and transitional provisions)

(Law Ho-406-N of 12 December 2023 has a transitional provision)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 110. Deductions

1. When determining the tax base of resident profit taxpayers, entrepreneurial expenses (hereinafter referred to as “expenses”), losses and other deductions shall be deducted from the gross income prescribed by point 1 of part 1 of Article 104 of the Code — in the manner and in the amount prescribed by this Section of the Code.

2. When determining the tax base of non-resident profit taxpayers, carrying out activities in the Republic of Armenia through a permanent establishment, expenses, losses and other deductions

shall be deducted from the gross income prescribed by point 3 of part 1 of Article 104 of the Code — in the manner and in the amount prescribed by this Section of the Code.

3. The same amount of deductions, prescribed by parts 1 and 2 of this Article, shall be deducted from the gross income only once.

Article 111. Expenses

1. When determining the tax base of resident profit taxpayers and non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, expenses, substantiated by the documents prescribed by points 1-5 of part 2 of Article 55, as well as by parts 12 and 13 of the same Article of the Code, shall be deducted from the gross income prescribed by points 1 and 3 of part 1 of Article 104 of the Code respectively, unless otherwise prescribed by part 2 of this Article and Article 113 of the Code.

2. Notwithstanding the provisions of part 1 of this Article, when determining the tax base of resident profit taxpayers and non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, the compensation amounts of per diem not exceeding the amount prescribed by Article 117 of the Code, as well as of performance of field works and of works of transportation (moving) — in the amount not exceeding the limit prescribed by the Government — shall be allowed to be deducted from the gross income without substantiation by the documents.

(Article 111 amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, amended and supplemented by HO-338-N of 21 June 2018, amended by HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 112. Items not deemed expenses

1. For the purpose of the determination of profit tax base, the following items shall not be deemed expenses for profit taxpayers:

(1) distribution of the own capital to the participants in the form of dividends or in other similar form;

(2) investments made in the own capital of other taxpayer;

(3) the negative difference of the sales price of stocks, shares or units repurchased by a profit taxpayer and the book value thereof;

(4) in case of liquidation of another organisation, negative difference of the residual property value received for stocks, shares or units owned in that organisation by the profit taxpayer and the book value of the stocks, shares or units;

(5) goods transferred, works performed and/or services provided, as an investment made in the joint activity, to the reporting participant of joint activity by a participant of joint activity;

(6) negative result of re-evaluation of assets, including foreign currency, other assets expressed in foreign currency, as well as assets expressed in bank gold and other precious metals;

(7) positive result of re-evaluation of liabilities, including liabilities expressed in foreign currency, as well as liabilities expressed in bank gold and other precious metals;

(8) expense with respect to assets (including participation fees), works and services received without compensation by non-commercial organisations or the expense made from them, other deduction or incurred loss;

(9) liquidation expenses of fixed assets and intangible assets, as well as book values of fixed assets and intangible assets being liquidated;

(10) in case of liquidation of a taxpayer — the amount of up to AMD 1 000 available on the single account or the single account for administrative acts;

(11) expenses with regard to the acquisition and alienation of securities proving the participation in the investment funds, as well as other expenses with regard to the participation in those funds;

(12) ***(point repealed by HO-68-N of 25 June 2019)***

(13) expenses with regard to the production of electric power by autonomous energy producers.

(14) expenses with regard to the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia Law "On state duty";

(15) expenses made with regard to activities of alienation of space objects and equipment, their repair or modernisation, transmission and processing of satellite data from remote observation of the

Earth, launch of space objects, provision of management services during landing and flight and/or performance of works up to 31 December 2030;

(16) amounts paid by banks or credit organisations which they have received as an insurance compensation, with regard of which the bank or the credit organisation is a beneficiary to the extent that those amounts shall — upon the insurance contract — be provided by banks or credit organisations to creditor or pledgor natural and legal persons or be directed to the repayment of the creditor natural and legal persons

(17) expenses made at the expense of the participation fees received by the Office of Financial System Mediator in accordance with the Law of the Republic of Armenia "On the Financial System Mediator"

(18) expenses made with respect to broadcasting and screening a national film in the cinema, as well as the advertisement placed during broadcasting and screening — up till 31 December 2030, inclusive

(19) expenses made from amounts provided from the State or community budget directed to the fulfilment of tax liabilities;

(20) book value of the stock, share or units of a profit tax payer in other organisation, where the alienation of the stock, share or unit is conducted after the expiry of the two tax years following the tax year including the day of acquiring the stock, share or unit.

(Article 112 supplemented by HO-68-N of 25 June 2019, HO-153-N of 6 March 2020, HO-258-N of 6 May 2020, HO-293-N of 3 June 2020, amended by HO-68-N of 25 June 2019, supplemented by HO-304-N of 30 June 2021, HO-149-N of 15 June 2022, HO-120-N of 22 March 2023, HO-101-N of 1 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-258-N of 6 May 2020 has a transitional provision)

(Law HO-293-N of 3 June 2020 has a transitional provision)

(Law HO-149-N of 15 June 2022 has a final part and transitional provisions)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

Article 113. Restrictions on deductions made from the gross income with the purpose of determination of the tax base

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the following shall not be deducted from the gross income:

(1) fines, penalties and other property sanctions calculated and paid, as prescribed by the Code or other laws, with respect to fees made to the state or community budgets or to the funded pension system or other amounts controlled by the tax authority;

(2) assets provided without compensation, works performed or services provided without compensation, released liabilities, except for cases prescribed by Article 120 and point 5 of part 1 of Article 123 of the Code;

(3) expenses with respect to amortisation deductions calculated as prescribed by part 1 of Article 121 of the Code with respect to fixed assets belonging to the profit taxpayer by the right of ownership, but provided through leasing (types thereof) (where the contract on leasing (types thereof) provides that the right of ownership over the object of leasing may be transferred to the lessee upon expiration of the given contract or prior to its expiration);

(4) expenses related to the generation of incomes which are deducted from the gross income when determining the profit tax base;

(5) VAT, excise tax and environmental tax amounts offset (reduced) in the manner and amount prescribed by Sections 4, 5 and 8 of the Code;

(6) VAT and excise tax amounts calculated and paid against VAT and excise tax bases in the manner and amount prescribed by Sections 4 and 5 of the Code in case of transactions on supply of goods, performance of works and provision of services without compensation or with compensation at a value substantially lower than actual value;

(7) the part of standardized expenses exceeding the standards for the purpose of the determination of profit tax base as prescribed by Articles 114-120 of the Code;

(8) expenses made with regard to goods acquired, services received, works accepted from the taxpayers considered an entity of micro-entrepreneurship as prescribed by the Code, as well as expenses — calculated through the procedure prescribed by this Section — with regard to buildings, constructions (including unfinished, half-finished), residential or other areas, land parcels received for

gratuitous use from the taxpayers considered an entity of micro-entrepreneurship as prescribed by the Code.

(9) VAT amounts subject to reduction from the VAT amounts subject to offset (reduction) in the reporting period, in accordance with part 8.1 of Article 73 of the Code;

(10) expenses made with respect to goods acquired, services received and works accepted from turnover taxpayers with regard to types of activities included in the list of types of activities of the high technologies sector defined by the Government.

(Article 113 amended by HO-321-N of 18 June 2020, supplemented by HO-450-N of 24 November 2022, HO-358-N of 16 November 2023, HO-499-N of 4 December 2024)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

(Law HO-358-N of 16 November 2023 has a final part and transitional provisions)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 114. Interests paid for credits and borrowings

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the following shall not be deducted from the gross income:

(1) a part of the amounts of interests calculated with respect to credits and/or borrowings (including the amounts of interests calculated within the framework of contracts on leasing (types thereof)), which exceeds the amounts equivalent to the twofold of the settlement rate of bank interest established by the Central Bank of the Republic of Armenia as of thirty first of December of the tax year. Within the meaning of this point, the amounts of interests with respect to credits and/or borrowings shall be compared to the amounts equivalent to the twofold of the settlement rate of bank interest established by the Central Bank of the Republic of Armenia separately for each credit and/or borrowing;

(2) a part of the amounts of interests calculated during the tax year with respect to borrowings attracted from subjects not deemed bank and/or credit organisations, which exceeds the below-mentioned based on the results of the tax year:

a. twofold of the positive balance of the own capital of a profit taxpayer (except for banks and credit organisations), available as of the last day of the tax year;

b. nine-fold of the positive balance of the own capital of a profit taxpayer deemed a bank or a credit organisation, available as of the last day of the tax year.

In case of the negative balance of the own capital available as of the last day of the tax year, the amounts of interests calculated during the tax year with respect to borrowings attracted from subjects not deemed bank and/or credit organisations, shall not be deducted from the gross income while determining the tax base of a profit taxpayer.

Within the meaning of this point, the own capital shall be calculated as a difference of the assets and liabilities calculated as prescribed by the Code.

The provisions of this sub-point shall not apply to the amounts of interests calculated with respect to borrowings received from international development organisations included in the list defined by the Government, as well as to the amounts of interests calculated with respect to assets attracted from public placement of debt securities;

(3) the amounts of interests calculated with respect to credits and/or borrowings received by profit taxpayers not deemed bank and credit organisations, where borrowings have been provided to other taxpayers on interest-free basis;

(4) a part of the amounts of interests calculated with respect to credits and/or borrowings received by profit taxpayers not deemed bank and credit organisations, which exceeds the amounts of interests received with respect to borrowings provided to other taxpayers from the amounts of the given credits and/or borrowings.

Within the meaning of points 3 and 4 of this part:

a. while determining the tax base, the amount of the expenses not deductible from the gross income shall be determined by applying the maximum interest rate from among the interest rates of the received credits and/or borrowings effective within the period of time of the borrowing provided on interest-free basis to the amount of the borrowing provided on interest-free basis;

b. while determining the tax base, the amount of the expenses not deductible from the gross

income shall be determined by applying the positive difference of the interest rate of the provided borrowing (interest rate) and the maximum interest rate from among the interest rates of the received credits and/or borrowings effective within the period of time of the provided borrowing to the amount of the provided borrowing;

c. the amount of expenses not deductible from the gross income may not exceed the amounts of interests calculated with respect to the received credits and/or borrowings in a tax year;

d. while determining the tax base, for the purpose of determining the amount of the expenses not deductible from the gross income, those amounts of interests with respect to the amounts of the received credits and/or borrowings, which are, pursuant to point 5 of part 7 of Article 121 of the Code, included (capitalised) in the initial value of asset, shall not be included in the calculation.

(Article 114 amended by HO-261-N of 23 March 2018, HO-321-N of 18 June 2020, edited by HO-595-N of 23 December 2022)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 115. Rentals

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the following shall not be deducted from the gross income:

(1) rentals paid for fixed assets and/or intangible assets taken on lease by the profit taxpayer, where they are provided to other taxpayers for gratuitous use; Within the meaning of this point, rentals not subject to deduction from the gross income shall be:

a. the rental paid for the same period of the same fixed asset (including a part thereof) and/or the same intangible asset for the period of providing the fixed asset (including a part thereof) and/or the intangible asset for gratuitous use, except for cases prescribed by sub-point “b” of this point;

b. determined as the negative difference of the income determined as prescribed by point 2 of part 1 of Article 109 of the Code for the period of providing the buildings, constructions (including unfinished, semi-finished), residential or other premises, land parcels (including a part thereof) for gratuitous use and of the rental paid for the same period of the same buildings, constructions (including unfinished, semi-finished), residential or other premises, land parcels (including a part thereof);

(2) the part of rentals paid for fixed assets and/or intangible assets taken on lease by the profit taxpayer, which exceeds the rentals received for providing those fixed assets and/or intangible assets to other taxpayers for sublease. Within the meaning of this point, the rental not subject to deduction from the gross income shall be determined as the negative difference of the rental received for providing the fixed assets (including a part thereof) and/or intangible assets for sublease (taking into account the provisions of point 2 of part 1 of Article 109 of the Code) and of the rental paid for the same period of lease of the same fixed assets (including a part thereof) and/or the same intangible assets.

(Article 115 supplemented by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 116. Representation expenses

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the part of representation expenses which exceeds 0.5 percent of the gross income of the tax year or AMD 5 million, shall not be deducted from the gross income, except for cases prescribed by part 2 of this Article.

2. While determining the tax base of the tax year of state registration (record-registration, in cases prescribed by law) or record-registration as an individual entrepreneur or appointment as a notary, the restriction of 0.5 percent of the gross income of the tax year shall not be taken into account with regard to the calculation of the permissible maximum amount of the representation expenses subject to deduction from the gross income.

3. Within the meaning of this Article, expenses made for establishing mutual beneficial cooperation with other organisations and natural persons and/or maintaining such cooperation shall be deemed representation expenses.

Article 117. Secondment expenses

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, that part of secondment expenses (including per diem, overnight accommodation, transportation costs, costs related to temporary registration) shall not be deducted from the gross income, which exceeds:

(1) five percent of the gross income of the tax year in case of secondment outside the territory of the Republic of Armenia, except for cases prescribed by the second paragraph of this point and point 2 of this part.

While determining the tax base of the tax year of state registration (record-registration, in cases prescribed by law) or record-registration as an individual entrepreneur or appointment as a notary, the restriction of five percent of the gross income of the tax year shall not be taken into account with regard to the calculation of the permissible maximum amount of the secondment expenses subject to deduction from the gross income;

(2) 80 percent of sales turnover for performance of works and/or provision of services separated in the contracts concluded with the customer or in the settlement documents confirmed by the customer — in case of performance of works and/or provision of services outside the territory of the Republic of Armenia. As prescribed by this point, in case of absence of the contracts concluded with the customer and settlement documents confirmed by the customer or where sales turnover for performance of works and/or provision of services is not separated in the contracts concluded with the customer or in the settlement documents confirmed by the customer, while determining the profit tax base, the permissible maximum amount of the secondment expenses subject to deduction from the gross income shall be determined as prescribed by point 1 of this part.

In cases prescribed by points 1 and 2 of this part, per diem expense for each calendar day for a person on secondment may be deducted to AMD 30 000, and in case other amount is defined by the Government — to an amount not exceeding the amount defined by the Government;

(3) AMD 12 000 with respect to per diem for each calendar day for a person on secondment in case of secondment within the territory of the Republic of Armenia. Moreover, for profit taxpayers carrying out construction works, the total monthly sum of per diem expenses within the territory of the Republic of Armenia may not exceed the sum total of the given monthly salary and other equivalent fees calculated for each hired worker involved in the relevant construction works.

2. Within the meaning of this Article, expenses made to provide compensation to a person on secondment in the manner and in cases prescribed by the labour legislation of the Republic of Armenia in case of secondment of a profit taxpayer or the employee thereof, as prescribed by the same legislation, shall be deemed secondment expenses.

(Article 117 amended by HO-261-N of 23 March 2018)

Article 118. Management services expenses

1. While determining the tax base of a resident profit taxpayer and a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the part of expenses made for management services received from non-resident profit taxpayer carrying out activities in the Republic of Armenia without a permanent establishment or a non-resident natural person carrying out activities in the Republic of Armenia without a permanent establishment and/or deriving income from the sources of the Republic of Armenia without a permanent establishment, which exceeds two percent of the gross income of the tax year shall not be deducted from the gross income, except for cases prescribed by parts 2 and 3 of this Article. Expenses made for management services prescribed by this part shall also include those expenses made for the management services received by non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, which are not attributed to a permanent establishment as incomes.

2. While determining the tax base of the tax year of state registration (record-registration, in cases prescribed by law) or record-registration as an individual entrepreneur or appointment as a notary, the permissible maximum amount of the management services expenses subject to deduction from the gross income shall be determined in the amount of 2 percent of the gross income of the tax year, and where the 2 percent of the gross income of the given tax year is less than AMD 2 million, the management services expenses shall be deducted from the gross income in the amount not exceeding AMD 2 million.

3. The limitation prescribed by part 1 of this Article shall not apply to the management services expenses received from non-resident organisations and non-resident natural persons deemed founders of resident organisations carrying out introduction of innovations and innovative activities in the field of information technologies and computer equipment, as well as those received from non-resident organisations and non-resident natural persons within the framework of international credit (grant) contracts (agreements).

4. Within the meaning of this Article, expenses made for works performed and/or services provided (except for works performed by hired workers) by other taxpayers for actual control of the activities of a taxpayer, which do not include the management services expenses with respect to

consultancy and trust management, shall be deemed management services expenses.

Article 119. Pension fees made within the framework of voluntary pension component

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the following shall not be deducted from the gross income:

(1) the part of the pension fees made for the hired employee within the framework of the voluntary pension component as prescribed by the legislation of the Republic of Armenia, which exceeds 7.5 percent of the sum total of the salary and other equivalent fees of the given hired employee;

(2) the part of the pension fees made for themselves as individual entrepreneurs or notaries, within the framework of the voluntary pension component as prescribed by the legislation of the Republic of Armenia, which exceeds 5 percent of the tax base.

Article 120. Other expenses

1. While determining the tax base of a resident profit taxpayer and non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, the following shall not be deducted from the gross income:

(1) accommodation expenses (particularly, the rentals for apartments or houses leased for the given person, costs of electricity, gas, water, telephone bills or other utility fees provided for by the lease contract) not related to the secondment of the natural person being in labour or civil law relations with the profit taxpayer, notwithstanding the fact that the profit taxpayer has undertaken the obligation to cover such expenses under the labour or civil law contracts concluded between the profit taxpayer and the given natural person, except for cases prescribed by the second paragraph of this point.

The restriction prescribed by the first paragraph of this point shall not apply in cases where the labour or civil law contract concluded between the profit taxpayer and the natural person provides that the salary or remuneration of the natural person includes also the expenses mentioned above;

(2) the part of the expenses for providing assistance and food to natural persons, organising social and cultural events therefor and other similar expenses, which exceeds 0.25 percent of the gross income of the tax year, and in the absence of gross income during the tax year—one percent of the sum total of the accrued salary and equivalent fees.

(3) ***(point repealed by HO-595-N of 23 December 2022)***

(Article 120 amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, amended by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 121. Peculiarities of record-keeping of separate types of expenses

1. For the purpose of the determination of the tax base of a resident profit taxpayer and a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, expenses with respect to amortisation deductions of fixed assets and intangible assets, subject to amortisation, belonging to a resident profit taxpayer or a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment by the right of ownership or those received through leasing (types thereof) (where the contract on leasing (types thereof) provides that the right of ownership over the object of leasing may be transferred to the lessee upon expiration of the given contract or prior to its expiration), shall be deducted from the gross income. Moreover:

(1) the amount of amortisation deduction with respect to each unit of fixed assets and intangible assets shall be calculated on a tax year basis (taking into account the provisions prescribed by point 6 of this part) as the ratio of the initial value of the given fixed asset and intangible asset and the amortisation terms for separate groups of fixed assets and intangible assets prescribed by points 3-5 of this part. In case the object of leasing (types thereof) is transferred to the taxpayer by the right of ownership, the first day of calculating the amortisation of the object of leasing at the taxpayer shall be considered to be the beginning of the amortisation period with the purpose of calculating the amortisation period of the given asset transferred by the right of ownership;

(2) the amount of amortisation deduction, after re-evaluation with respect to each unit of fixed

assets and intangible assets, re-evaluated as prescribed by law, shall be calculated on a tax year basis (taking into account the provisions prescribed by point 6 of this part) as the ratio of the book value of the given fixed asset and intangible asset and the remaining amortisation terms — calculated based on the minimum amortisation terms — of separate groups of fixed assets and intangible assets prescribed by points 3-5 of this part;

(3) the following minimum amortisation terms shall apply for the separate groups of fixed assets:

Line	Groups of fixed assets	Minimum amortisation term (year(s))
(1)	Buildings, constructions, linear engineering infrastructures (electric transmission and communication systems (including aerial and underground cable lines) deemed a unit of immovable property, and the posts thereof, watering, water supply and drainage systems, gas pipeline and heat supply systems, irrigation systems, reservoirs), except for those mentioned in line 2	20
(2)	Buildings and constructions of hotels, guest houses, sanatoriums, educational and training institutions	10
(3)	Production equipment	5
(4)	Conveyers, robotic technologies	3
(5)	Computational and computer equipment, communication apparatuses	1
(6)	Other fixed assets (including labour livestock, perennial plantings and capital investments for land improvement)	8

(4) the profit taxpayer may choose other amortisation terms for fixed assets and intangible assets (inter alia, both at the moment of calculating the amortisation deduction for a given fixed asset or intangible asset for the first time and afterwards), which, however may not be shorter than the terms prescribed by point 3 of this part for a given group of fixed assets, or by point 5 of this part for intangible assets. In the cases prescribed by this point, each time, after reviewing the amortisation term for a given fixed asset or intangible asset, the amount of the amortisation deduction shall be calculated for the tax year (also taking into account the provisions prescribed by point 6 of this part) as the relation of the book value existing before the review of the amortisation term for a given fixed asset or intangible asset and the remaining amortisation terms thereof calculated on the basis of the reviewed amortisation terms;

(5) the amortisation terms for intangible assets shall be determined by the profit taxpayer, based on the possible periods of use thereof. In the case when the determination thereof is impossible, the minimum amortisation term for intangible assets shall be set at ten years, but not more than the period of activity of the profit taxpayer. Within the meaning of this point, within the scope of concession agreements for provision of services qualified by the authorised body of the Government as concession contracts pursuant to the standards set by the Government (hereinafter referred to as “concession contract”), the right of exploitation of public service infrastructures (including of the result of improvements made on infrastructure assets belonging to the concessor (grantor) and/or separate elements thereof by the concessionaire (operator), or of infrastructure assets (tangible or intangible) purchased or constructed and passed to the concessor (grantor) under the right of ownership by the concessionaire (operator)), received from the concessor (grantor) within the scope of the concession contract shall also be deemed intangible asset for the concessionaire (operator). Within the meaning of this point:

a. concessor (grantor) shall mean a state or community authority which provides the concessionaire (operator) with public service infrastructures for a certain period of time for the purpose of exploitation and/or service thereof;

b. concessionaire (operator) shall mean a resident organisation which is provided with public service infrastructures by the concessor (grantor) for the purpose of providing and/or improving a public service, and which exploits and/or maintains those infrastructures during a set period of time;

(6) during the tax year, in the case of:

a. acquisition, receipt, building, establishment or development (hereinafter referred to in this Article as “acquisition”) of fixed assets and intangible assets (except for cases prescribed by sub-

point c), expenses with regard to amortisation deductions for said fixed assets and intangible assets shall be made from the day of their amortisation, in the amount of the product of the amount of the amortisation deduction calculated for the tax year as prescribed by points 1, 2 and/or 4 of this part, and the 1/12 of the number of full months included in the period from the day of amortisation of the fixed assets and intangible assets until the end of the tax year, also taking into account the provisions of the last paragraph of this point for incomplete months;

b. alienation or liquidation (except for cases prescribed by sub-point “c” of this point) of fixed assets and intangible assets, expenses with regard to amortisation deductions for said fixed assets and intangible assets shall be made from the beginning of the tax year until the day of their alienation or liquidation (and where the fixed assets and intangible assets have ceased to be deemed subject to amortisation, until the day of ceasing to be deemed subject to amortisation), in the amount of the product of the amount of the amortisation deduction calculated for the tax year as prescribed by points 1, 2 and/or 4 of this part, and the 1/12 of the number of full months included in the period from the beginning of the tax year until the day of alienation or liquidation of the fixed assets and intangible assets (and where the fixed assets and intangible assets have ceased to be deemed subject to amortisation, until the day of ceasing to be deemed subject to amortisation), also taking into account the provisions of the last paragraph of this point for incomplete months;

c. acquisition and alienation or acquisition and liquidation of fixed assets and intangible assets, expenses with regard to amortisation deductions for said fixed assets and intangible assets shall be made from the day of their amortisation until the day of their alienation or liquidation (and where the fixed assets and intangible assets have ceased to be deemed subject to amortisation, until the day of ceasing to be deemed subject to amortisation), in the amount of the product of the amount of the amortisation deduction calculated for the tax year as prescribed by points 1, 2 and/or 4 of this part, and the 1/12 of the number of full months included in the period from the day of amortisation of the fixed assets and intangible assets until the day of alienation or liquidation of the fixed assets and intangible assets (and where the fixed assets and intangible assets have ceased to be deemed subject to amortisation, until the day of ceasing to be deemed subject to amortisation), also taking into account the provisions of the last paragraph of this point for incomplete months;

d. fixed assets and intangible assets becoming subject to amortisation and/or ceasing to be deemed subject to amortisation, expenses with regard to amortisation deductions for said fixed assets and intangible assets shall be made from the day of their amortisation until the day they cease to be deemed subject to amortisation, in the amount of the product of the amount of the amortisation deduction calculated for the tax year as prescribed by points 1, 2 and/or 4 of this part, and the 1/12 of the number of full months included in the period from the day of amortisation of the fixed assets and intangible assets until the day the fixed assets and intangible assets cease to be deemed subject to amortisation, also taking into account the provisions of the last paragraph of this point for incomplete months.

In the cases prescribed by sub-points a-d, the amount of the amortisation deduction for incomplete months shall be calculated in the amount of the product of the amount of the amortisation deduction for the tax year calculated as prescribed by points 1, 2 and/or 4 of this part, and the 1/365 of the number of days included in those incomplete months.

(7) assets recognised with regard to mine stripping activities prior to exploitation of the mine shall be amortised proportionally to the extraction of the general supply of approved mineral and shall be included in the approved cost of the extracted mineral. Mine stripping expenses incurred after the exploitation of the mine shall be attributed to the approved cost of the mineral extracted as a result of mine stripping works. The procedure for attributing mine stripping expenses to the approved cost of the extracted mineral shall be prescribed by the Government.

2. Irrespective of the provisions of part 1 of this Article:

(1) for the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, expenses in the amount of the original cost of fixed assets and intangible assets worth up to AMD 50 000 (inclusive) shall be fully deducted from the gross income during the tax year of acquisition of said fixed assets and intangible assets;

(2) ***(point repealed by HO-145-N of 11 April 2024)***;

(3) the minimum period of amortisation of fixed assets imported or acquired (built, developed) within the period from 1 July 2020 up to 31 December 2021 shall be defined at the discretion of the resident profit taxpayer and the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, but less than for one year;

(4) the minimum amortisation term for fixed assets (except for the immovable property considered fixed assets) directly imported, acquired (built, developed) or received through leasing (various types) by the resident profit taxpayer within the scope of scientific research and experimental development works that meet the criteria defined by the Government and have received a positive opinion of the professional commission formed by the Government shall be defined at the discretion of the resident profit taxpayer, but not less than one year.

The procedure for activities and composition of the professional commission referred to in this

point, as well as the procedure for the commission to qualify the works as scientific research and experimental development works shall be defined by the Government.

Where the positive opinion delivered by the professional commission defined by this point is revoked, the tax liabilities shall be re-calculated taking as a basis the general regulations prescribed by the Code.

3. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, the following shall be deducted from the gross income:

(1) capital expenses on fixed assets and intangible assets (including those taken on operating lease or for leasing (types thereof) or under gratuitous use), as prescribed by sub-points a-c of this point. Within the meaning of this point, an expense made on a fixed asset or an intangible asset shall be deemed a capital expense where it exceeds five percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of said fixed asset or intangible asset, or where the sum of separate expenses not exceeding five percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of the fixed asset or intangible asset made on the fixed asset or intangible asset during the tax year exceeds 15 percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of said fixed asset or intangible asset, for the exceeding amount. Capital expenses made on each fixed asset or intangible asset during each month, exceeding five percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of the fixed asset or intangible asset, shall be added to the book value of said fixed asset or intangible asset as of the 1st of the month when they were made, and the part of the sum of the separate expenses not exceeding five percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of the fixed asset or intangible asset that exceeds 15 percent of the original cost (in the case of revaluation carried out as prescribed by law — the revalued cost) of the fixed asset or intangible asset, shall be added to the book value of said fixed asset or intangible asset as of the 1st of the month when the day of excess occurred, and starting from that month, said fixed asset or intangible asset shall be amortised:

a. in the remaining amortisation term (including the case when the amortisation term for the fixed asset has been chosen by the profit taxpayer pursuant to point 4 of part 1 of this Article), where the capital expenses made on a given fixed asset during a given month do not exceed the book value of that fixed asset as of 1 January of the tax year when they were made, or the original cost in the case when the fixed asset was acquired after 1 January of the tax year;

b. in the remaining period of amortisation (including the case when the amortisation term for the fixed asset has been chosen by the profit taxpayer pursuant to point 4 of part 1 of this Article), but not shorter than the minimum amortisation term prescribed for a given fixed asset by point 3 of part 1 or part 2 of this Article, where the capital expenses made on that fixed asset during a given month exceed the book value of that fixed asset as of 1 January of the tax year when they were made, or the original cost in the case when the fixed asset was acquired after 1 January of the tax year, and provided that the minimum amortisation term prescribed for that fixed asset by point 3 of part 1 or part 2 of this Article is less than eight years;

c. in the remaining amortisation term (including the case when the amortisation term for the fixed asset has been chosen by the profit taxpayer pursuant to point 4 of part 1 of this Article), but not shorter than eight years, where the capital expenses made on that fixed asset during a given month exceed the book value of that fixed asset as of 1 January of the tax year when they were made, or the original cost in the case when the fixed asset was acquired after 1 January of the tax year, and provided that the minimum amortisation term prescribed for that fixed asset by point 3 of part 1 or part 2 of this Article is eight years or more;

d. in the remaining period of amortisation in the case of an intangible asset;

(2) current expenses made on fixed assets and intangible assets (including those taken on operating lease or for leasing (types thereof) or under gratuitous use) during the year they are made. Within the meaning of this point, expenses made on a fixed asset or an intangible asset shall be deemed current expenses where they are not deemed capital expenses pursuant to point 1 of this part.

Within the meaning of this part:

(1) for the purpose of classifying expenses made on a fixed asset and an intangible asset as capital expenses or current expenses, initial and/or book values — which shall be specified in an appropriate act or a contract or a certificate of delivery and acceptance — recorded with the lessor or lessee or the provider for gratuitous use (except for when a natural person who is not an individual entrepreneur or a notary or a non-resident organisation not having a permanent establishment registered in the Republic of Armenia is deemed to be the lessor or lessee or the provider for gratuitous use) shall be accepted as initial and/or book values of fixed assets and intangible assets taken on operating lease or for leasing (types thereof) or under gratuitous use respectively. The initial and book values of fixed assets and intangible assets taken on operating lease or for leasing (types thereof) or under gratuitous use from a natural person who is not an individual entrepreneur or a notary or a non-resident organisation not having a permanent establishment registered in the

Republic of Armenia shall be determined in the amount of the acquisition value specified in the document of acquisition of the given property.

In case the documents prescribed by this point lack the initial and/or book values:

a. those values shall be deemed to be zero, except for cases of transactions for taking the buildings, constructions (including unfinished, semi-constructed), residential or other areas, land parcels for lease or leasing (types thereof) or gratuitous use;

b. in cases of transactions for taking the buildings, constructions (including unfinished, semi-constructed), residential or other areas, land parcels for lease or leasing (types thereof) or gratuitous use, the initial and book values shall be determined in the amount of 80 percent of the immovable property tax base determined in accordance with the procedure prescribed by Article 228 of the Code;

(2) for the purpose of amortising the capital expenses made on fixed assets and intangible assets taken on operating lease or for leasing (types thereof) or under gratuitous use, the period prescribed by point 3 of part 1 or part 2 of this Article shall be accepted as the minimum amortisation term, and the remaining period of amortisation recorded with the lessor or lessee or the provider for gratuitous use (except for when a natural person who is not an individual entrepreneur or a notary or a non-resident organisation not having a permanent establishment registered in the Republic of Armenia is deemed to be the lessor or lessee or the provider for gratuitous use) shall be accepted as the remaining period of amortisation, which shall be specified in an appropriate act or a contract or a certificate of delivery and acceptance. In the case of absence of a remaining period of amortisation therein, the term prescribed by point 3 of part 1 or part 2 of this Article shall be accepted as the remaining period of amortisation.

For the purpose of amortising the capital expenses made on fixed assets and intangible assets taken on operating lease or for leasing (types thereof) or under gratuitous use from a natural person who is not an individual entrepreneur or a notary or a non-resident organisation not having a permanent establishment registered in the Republic of Armenia, the period prescribed by point 3 of part 1 or part 2 of this Article shall be accepted as the minimum amortisation term and the remaining period of amortisation.

(3) capital expenses made on fixed assets and intangible assets taken on operating lease or for leasing (types thereof) or under gratuitous use shall be deducted from the gross income in the case where the obligation of making those expenses rests with the lessee or the user upon a relevant act or contract;

(4) in the case of rescission and/or actual termination of the contract on operating lease or for leasing (types thereof) or gratuitous use, the unamortised balance of the capital expenses shall not be subject to deduction from the gross income of the lessee or user, except for the cases where the lessee or user alienates against compensation the unamortised balance of the capital expenses to the lessor or the person who provided the fixed asset or intangible asset for use;

(5) capital expenses made on fixed assets (including land parcels) not subject to amortisation shall be amortised within the minimum amortisation term prescribed by point 3 of part 1 of this Article for other fixed assets, taking into account the provisions prescribed by points 1-4 of this paragraph.

4. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, expenses made by the profit taxpayer on preparatory, geological research and project and research works for extraction of natural resources shall be deducted by the profit taxpayer from the gross income in accordance with procedure prescribed by point 5 of part 1 of this Article for determination of the amount of amortisation deductions with regard to intangible assets.

5. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment:

(1) the amount accepted as the original cost of acquired buildings, constructions (including unfinished, semi-constructed), residential or other premises, land parcels, shall not be less than 80 percent of the immovable property tax base determined in accordance with the procedure prescribed by Article 228 of the Code;

(2) the amount accepted as expenses with respect to transactions on taking buildings, constructions (including those unfinished, semi-constructed), residential or other premises, land parcels on lease or under gratuitous use shall not be less than the amount prescribed by sub-points “a” and “b” of point 2 of part 1 of Article 109 of the Code for income tax payers considered to be lessees or borrowers, respectively.

During the reporting period, in the case of taking on lease or under gratuitous use a property prescribed by this point and /or termination of the right to lease that property or take it under gratuitous use, the expense with respect to the mentioned transactions during the reporting period shall be the product of the expense prescribed by the first paragraph of this point and the share of the days when the property was taken on lease or under gratuitous use in the days included in the

reporting period.

The provisions of points 1 and 2 of this part shall not be applied in cases prescribed by the last paragraph of part 1 of Article 109 of the Code.

6. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, the gross income shall be deducted directly by the profit taxpayer or in the amount of the expenses made on scientific research and/or experimental development works meeting the criteria defined by the Government that are carried out upon the order thereof, in the full amount thereof during the tax year when those expenses were made.

7. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment:

(1) expenses directly relating to production of goods, performance of works and/or provision of services shall be deducted from the gross income proportionally to the supply of those goods, performance of works and/or provision of services;

(2) the original cost of goods constituting an object of trade (purchase and sale) shall be deducted from the gross income proportionally to the supply of those goods;

(3) the book value of assets not mentioned in points 1 and 2 of this part (including that of fixed assets and intangible assets) shall be deducted from the gross income proportionally to the alienation of those assets;

(4) administrative expenses relating to the activities of the profit taxpayer, sales expenses, other expenses of non-production nature shall be deducted from the gross income during the tax year to which they relate;

(5) financial expenses shall be deducted from the gross income during the tax year to which they relate, except for the cases, prescribed by the legislation regulating the sphere of accounting, when they are included (capitalized) in the original cost of the asset.

Within the meaning of points 4 and 5 of this part, an expense shall be deemed relating to a certain tax year where the transaction mentioned in the accounting document serving as a ground for making that expense (i.e. the date of supplying the goods, performance of works or providing the service mentioned in the accounting document, is included) has been conducted during a given tax year (including in the cases when the date of issuing the accounting document is included in any tax year preceding or following the tax year).

Within the meaning of this part:

(1) particularly, expenses on raw materials, materials, parts, components, nodes, semi-products, work remuneration of the staff involved in the production processes, the processes of performance of works and/or provision of services, funded contributions made by the employer for the workers within the framework of the voluntary funded pension scheme as prescribed by the legislation of the Republic of Armenia, amortisation deductions on fixed assets of production significance in current exploitation and on intangible assets in current exploitation, as well as expenses made on those fixed assets and intangible assets shall be deemed expenses directly relating to production of goods, performance of works and/or provision of services;

(2) particularly, expenses on work remuneration of the management staff, funded contributions made by the employer for that staff within the framework of the voluntary funded pension scheme as prescribed by the legislation of the Republic of Armenia, amortisation deductions on secondments, provision of materials and transport, on technical means of management and on fixed assets of non-production (general economic) significance, expenses made on those fixed assets, representation expenses, judicial expenses, expenses on acquisition of audit, accounting, consulting and information services, expenses on training and re-training of the staff, labour recruitment expenses, expenses on acquisition of office services, postal, telephone, telegram and other similar services shall be deemed administrative expenses;

(3) particularly, expenses on packaging, maintenance, loading, transportation, unloading, escort, advertisement and marketing of goods relating to supply of goods, performance of works and/or provision of services shall be deemed sales expenses;

(4) particularly, expenses on acceptance of invention, rationalisation, scientific research, design and experimental works and/or for being provided with services, amortisation deductions on fixed assets of production significance not being in exploitation and of intangible assets not being in exploitation, as well as expenses made on those fixed assets and intangible assets shall be deemed other expenses of non-production nature;

(5) particularly, interest calculated on loans and borrowings (including interest calculated within the framework of contracts on leasing (types thereof)), expenses relating to acquisition of loans and borrowings (including expenses relating to conclusion of contracts on leasing (types thereof), expenses on issuance and placement of securities) shall be deemed financial expenses.

8. For the purpose of determining the tax base for resident profit taxpayers, as well as non-

resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, the following shall also be deemed expenses:

(1) insurance and re-insurance premiums in the following manner:

a. in the case of acting as policyholder, insurance premiums paid for the policyholder's workers, where the payment of those premiums is mandatory by law;

b. in the case of acting as employer, insurance premiums paid for health insurance of the employer's hired workers, in the amount of up to AMD 10 000 for each month of each hired worker receiving an income;

(2) expenses relating to the provision of services to up to 20 percent of the students of a higher education institution, irrespective of whether or not the students compensate for such services;

(point as amended by Law HO-121-N of 4 May 2022 shall enter into force on the tenth day following the day of official promulgation of Law HO-121-N of 4 May 2022 and shall extend to the relations effective until 1 August 2024, according to Article 3 of the same Law)

(3) amounts of a hired worker's temporary disability benefits paid at the expense of the funds of the employer in the cases and in the amount prescribed by legislation (except for maternity benefits prescribed by the Law of the Republic of Armenia "On temporary disability and maternity benefits");

(4) compensation for damages (loss) caused;

(5) penalties, fines and other monetary sanctions, except for the cases prescribed by point 1 of part 1 of Article 113 of the Code;

(6) taxes (except for the cases prescribed by point 6 of part 1 of Article 113 of the Code) and fees which are not compensated for and not offset (reduced) as prescribed by the Code;

(7) pursuant to part 2 of Article 73 of the Code, amounts deductible from the VAT amounts subject to offsetting (reduction), where the expenses with regard to the assets mentioned in the same part are subject to deduction from the gross income for the purpose of determining the tax base. The deductible amounts prescribed by this point shall be included in the expenses of the tax year, in the unified calculation report for VAT and excise tax for the VAT reporting period of which deductions of VAT amounts subject to offsetting (reduction) shall be made.

9. Where the contract on leasing (types thereof) provides that the right of ownership over the object of leasing may be transferred to the lessee upon expiration of the given contract or prior to its expiration, an expense during each reporting period with regard to the object of leasing at the lessor shall be the product of the ratio of the amount recognised as an income during the given reporting period with regard to the object of leasing prescribed by the leasing contract and the total value of the object of leasing and of the book value of the object of leasing at the time of delivery and acceptance of the object of leasing.

(Article 121 edited by HO-191-N of 25 October 2017, supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-282-N of 1 June 2020, supplemented and amended by HO-321-N of 18 June 2020, amended by HO-507-N of 29 December 2020, HO-383-N of 10 December 2021, HO-121-N of 4 May 2022, amended, edited by HO-111-N of 4 May 2022, supplemented and edited by HO-120-N of 22 March 2023, amended by HO-145-N of 11 April 2024, supplemented, edited by HO-499-N of 4 December 2024)

(Law HO-321-N of 18 June 2020 has a transitional provision)

(Law HO-383-N of 10 December 2021 has a transitional provision)

(Law HO-121-N of 4 May 2022 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

(Law HO-145-N of 11 April 2024 has a transitional provision)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 122. Losses

1. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, natural losses of property, as prescribed by part 2 of this Article, as well as qualitative, accidental, technological and/or other losses of property supported by documents, as prescribed by parts 3-7 of this Article respectively, shall be deducted from the gross income.

2. A natural loss of property shall be deducted from the gross income in an amount not exceeding

that defined by the Government, during the tax year when that loss occurred or was identified. Within the meaning of this part, decrease in weight, size, volume and/or quantity of the property during the maintenance or transportation thereof conditioned by the influence of physicochemical, mechanical or biological factors shall be deemed natural loss of property. In the case where no amount of natural loss is defined by the Government or the amount of the natural loss exceeds the amount defined by the Government, the amount of that loss (in the case where the amount of the natural loss exceeds the amount defined by the Government, the exceeding amount) shall not be deducted from the gross income.

3. A qualitative loss of property supported by documents shall be deducted from the gross income in the amount not exceeding one percent of the gross income of the tax year when that loss occurred or was identified, during that tax year. Within the meaning of this part, property or goods removed from circulation as a result of decline in consumer characteristics as a result of expiration of the period of expiry (preservation) of goods having a period of expiry (preservation) or of wear and/or deterioration in the course of time or of emergence of prohibitions or restrictions on supply of the goods in the cases prescribed by the Code or the laws of the Republic of Armenia, shall be deemed a qualitative loss of property, as well as faulty goods acquired for the purpose of commercial (purchase and sales) activities or faulty goods discovered and taken back by the buyer during the warranty period defined by the public contract for the supply of goods, except for the faulty goods for which the income taxpayer carrying out commercial (purchase and sale) activities has received (will receive) compensation from the goods supplier.

Within the meaning of application of this Article, faulty goods (product) shall be considered to be goods (product) not having proper quality characteristics due to the production process of the goods (product), which cannot be used for the intended purpose.

4. An accidental loss of property supported by documents shall be deducted from the gross income in its full amount, during the tax year when that loss occurred or was identified. Within the meaning of this part, loss, destruction or damage of property which occurred due to fire, flood, earthquake or other natural disaster, shipwreck, war, military operations, armed attack, mass disorders, rebellion or other similar emergency events (including insurance accidents prescribed by law), shall be deemed accidental loss of property.

5. A technological loss of property supported by documents shall be deducted from the gross income as an element of material expenses, in the amount prescribed by this part, as prescribed by point 1 of the first paragraph of part 7 of Article 121 of the Code, and in the cases prescribed by part 7 of this Article, also in the amount and as prescribed by that part. Within the meaning of this part, the following shall be deemed technological loss of property:

(1) the part of the consumption rate for raw materials, materials, parts and/or components defined by the profit taxpayer for the production (assembly, preparation) of a product unit, which has lost its qualitative features due to the technology used in the production (assembly, preparation) process;

(2) faulty products, in the amount of the rate defined by the profit taxpayer;

(3) technological losses defined by legislation or the authorised body of the Government.

6. Other loss of property supported by documents shall be deducted from the gross income in the amount of that loss, as prescribed by part 7 of this Article. Within the meaning of this part, other loss of property supported by documents is the actual loss of property not mentioned in parts 2-5 of this Article.

7. In the case where no rates of technological loss of property supported by documents, mentioned in part 5 of this Article, have been defined, or where a rate has been exceeded, as well as in the case of other losses supported by documents, mentioned in part 6 of this Article, the relevant losses shall be deducted from the gross income:

a. in the tax year of full or partial compensation of the loss in the case of full or partial voluntary compensation by the person having caused the damage;

b. in the tax year of adoption of a decision by the investigation authority on the suspension or dismissal of a criminal case due to the failure to identify the person having caused the damage, in the case of adoption of such decision;

c. in the tax year of delivery of a judicial act by the court on finding the person having caused the damage guilty or not guilty, in the case of entry into force of such act.

8. The procedure for documentation of losses prescribed by parts 3-6 of this Article shall be prescribed by the Government.

(Article 122 amended by HO-261-N of 23 March 2018, supplemented by HO-350-N of 15 September 2022)

(Law HO-350-N of 15 September 2022 has a transitional provision)

Article 123. Other deductions

1. For the purpose of determining the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, the following shall be deducted from the gross income:

(1) amounts included in the gross income for the purpose of determining the tax base for the previous reporting periods with respect to transactions recognised invalid;

(2) the following by profit taxpayers, as prescribed by the Government (except for cases prescribed by point 3 of this part):

a. deductions made to the reserve for writing off bad accounts receivable;

b. in the case of write-off of bad accounts receivable — amounts exceeding the deductions made to the reserve established for that purpose;

c. repayment amounts of previously written off bad accounts payable;

Within the meaning of the application of this point, the receivables exceeding AMD 100 thousand in total shall be deemed as bad debt from the day of entry into legal force of the judicial act (judgment, decision or order, except for the judgment, decision or order delivered on pardoning or not demanding it on any grounds) on satisfying or rejecting the claim for confiscation of the amount of receivables;

(3) the following by banks, credit organisations, insurance companies and professional participants in the securities market as prescribed jointly by the authorised body of the Government and the Central Bank of the Republic of Armenia:

a. deductions made to the reserve for writing off bad accounts receivable;

b. in the case of write-off of bad accounts receivable — amounts exceeding the deductions made to the reserve established for that purpose;

c. repayment amounts of previously written off bad accounts payable;

(4) tax damages incurred as a result of activities of the tax years preceding the tax year, as negative balance between the gross income prescribed by points 1 or 3 of part 1 of Article 104 of the Code and the deductions prescribed by Article 110 of the Code. Within the meaning of this point, tax damages shall be deducted from the gross income of the five tax years following the tax year when those damages were incurred, taking into account the following rules and restriction prescribed by this point:

a. with respect to tax damages incurred as a result of activities of the five tax years (or some of them) preceding a given tax year, as regards the order of their deduction from the gross income, priority shall be given to the deductions for tax damages incurred earlier;

b. with respect to tax damages incurred as a result of activities of the five tax years (or some of them) preceding the tax year, expenses and losses of a given tax year, as regards the order of their deduction from the gross income, priority shall be given to the deductions for the expenses and losses of that tax year;

c. tax damages incurred as a result of activities carried out within the framework of special taxation systems prescribed by Section 13 of the Code shall not be subject to deduction from the gross income;

d. before commencing activities within the framework of special taxation systems prescribed by Section 13 of the Code, in terms of deducting from the gross income — in the case of future transition from a special taxation system back to the common taxation system — tax damages incurred as a result of activities carried out within the framework of the common taxation system, the years of carrying out activities within the framework of special taxation systems shall also be included in the calculation for the next five tax years following the tax year when those damages were incurred;

e. in the case of reorganisation of an organisation through division, tax damages incurred as a result of activities of the preceding five tax years shall be transferred to the newly established organisations equally, unless another amount is provided by the separation balance sheet;

f. in the case of reorganisation of an organisation through separation, tax damages incurred as a result of activities of the preceding five tax years shall be deducted from the gross income of only that organisation from which the other organisation(s) has (have) separated (shall not be transferred to the separated organisation(s)), unless otherwise provided by the separation balance sheet;

g. pursuant to sub-points “e” and “f” of this point, when doing the calculation for the preceding five tax years for organisations having the right to deduction of tax damages, the tax years of existence of those tax damages before the division or separation shall be taken into account for the organisations being reorganised, which shall be mentioned in the separation balance sheet according to the tax years when the tax damages were incurred;

h. in the case of reorganisation of organisations through consolidation, tax damages incurred as a result of activities carried out during the preceding five tax years by the merged organisations shall not be deducted from the gross income of the newly established organisation;

i. in the case of reorganisation of organisations through absorption, tax damages incurred as a

result of activities carried out during the preceding five tax years by the organisation(s) being absorbed shall not be deducted from the gross income of the organisation with which another organisation or other organisations have absorbed;

j. in the case of reorganisation of organisations through absorption, tax damages incurred as a result of activities carried out during the preceding five tax years by the organisation with which the other organisation(s) have absorbed shall not be deducted from the gross income of that organisation;

(5) the cost of the assets provided to, works performed for and/or services provided to libraries, museums, general education schools, boarding houses, nursing homes, orphanages, medical institutions, as well as to non-profit organisations, but not more than 0.25 percent of the gross income of the tax year;

(6) 150 percent of the sum of the salary and other equivalent fees, as well as of the total incomes derived from a civil law contract, calculated for each person with disabilities who is deemed a hired worker employed by the profit taxpayer (including those employed on a concurrent basis), or who performs works based on a civil law contract or provides services to the profit taxpayer based on a civil law contract, irrespective of whether or not the salary and other equivalent fees have been deducted from the gross income for the purpose of determining the profit tax base;

(7) fees which are made by derivative financial instruments registered in the Unified Register of Derivative Financial Instruments in accordance with the procedure and within the time limits prescribed by the Law of the Republic of Armenia “On securities market” and which have formed as a result of the offsetting and/or netting liabilities. For the purpose of ensuring the application of this point, the procedure and time limits for providing information from the trade register to the tax authority and the extent of that information shall be prescribed by a joint legal act of the Central Bank of the Republic of Armenia and the tax authority.

2. For the purpose of determining the tax base for the resident profit taxpayer, the following shall also be deducted from the gross income:

(1) dividends received;

(2) 200 percent of the salary and other equivalent payments calculated for professional work for the staff (except for foreign citizens having no right of residence (residence status) in the Republic of Armenia and stateless natural persons) engaged in occupations included in the list of professional works of the high technologies sector defined by the Government, that are involved immediately by the resident profit taxpayer engaged in the types of activities included in the list of types of activities of the high technologies sector only defined by the Government.

The deduction prescribed by this point shall be made regardless of whether the salary and other equivalent payments are deducted from the gross income to determine the profit tax base.

In observance of the requirements of this point, this point shall apply also to resident profit taxpayers that have, in addition to the income received in the tax year from types of activities included in the list of types of activities of the high technologies sector only defined by the Government, received also other income, provided that the share of this income does not exceed 10 percent in the gross income of the tax year;

(3) 200 percent of the salary and other equivalent payments calculated for professional work for the staff (except for foreign citizens having no right of residence (residence status) in the Republic of Armenia and stateless natural persons) engaged in occupations included in the list of professional works of the high technologies sector defined by the Government that are engaged directly by the resident profit taxpayer in the scientific research and experimental development works that meet the criteria defined by the Government and have received the positive opinion of the professional commission provided for by point 4 of part 2 of Article 121 of the Code. The deduction prescribed by this point shall be made regardless of whether the salary and other equivalent payments are deducted from the gross income to determine the profit tax base.

The deductions prescribed by points 2 and/or 3 of this part or their sum total for the given tax year may not exceed 50 percent of the tax base calculated as prescribed by this Section (without the deductions prescribed by points 2 and 3 of this part), except for the case prescribed by the third paragraph of this part.

Notwithstanding the provisions prescribed by the second paragraph of this part, the restriction on the amount deductable from the gross income not exceeding 50 percent of the tax base shall not apply to the resident profit taxpayers carrying out scientific research and experimental development works in observance of the requirements of this part that have received income only from the scientific research and experimental development works and, concurrently, received other income, provided that the share of this income does not exceed 10 percent in the gross income for the tax year.

Where the positive opinion delivered by the professional commission defined by point 4 of part 2 of Article 121 of the Code is revoked, the tax liabilities shall be re-calculated taking as a basis the general regulations prescribed by the Code.

(Article 123 amended by HO-261-N of 23 March 2018, supplemented by HO-68-N of 25

June 2019, amended by HO-353-N of 2 October 2024, edited by HO-499-N of 4 December 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

Article 124. Other deductions from the gross income made for the purpose of determining the tax base for banks, credit organisations, insurance companies and professional participants in the securities market

1. Amounts intended for reserves for possible losses of assets and/or investment securities of banks, credit organisations, insurance companies and professional participants in the securities market in accordance with the procedure prescribed jointly by the body authorised by the Government and the Central Bank of the Republic of Armenia, as well as losses suffered due to fake banknotes and payment documents shall also be deducted from the gross income for the purpose of determining the tax base for banks, credit organisations, insurance companies and professional participants in the securities market deemed to be resident organisations.

2. Insurance and re-insurance compensations, expenses with regard to technical reserves of insurance companies, to the re-insurer’s share in technical reserves shall be deducted from the gross income for the purpose of determining the tax base for resident insurance companies.

3. Fines and/or penalties included in assets — recorded in banks and credit organisations, formed with regard to the natural person (except for natural persons having received credit as an individual entrepreneur or notary) — which are not yet recognised as uncollectible and are considered to be out (overdue) for more than 91 days as of 31 August 2020, pursuant to the procedure jointly approved by the body authorised by the Government and the Central Bank of the Republic of Armenia shall be deducted from the gross income for the purpose of determining the tax base for banks and credit organisations considered to be resident, in case of pardoning them to natural persons and when having made deductions to the reserve of the possible losses of the assets to that regard — in case of recovering it in the gross income in the amount directed to the reserve.

4. Irrespective of the provisions of part 3 of this Article, assets (including credit amounts, interests, fines and/or penalties) — recorded in banks and credit organisations, formed with regard to the natural person having died, having been declared as a person with disabilities or missing as a result of military operations carried out during the period of martial law, his or her spouse, child jointly residing with him or her or a parent jointly residing with him or her — which are not yet recognised as uncollectible pursuant to the procedure jointly approved by the body authorised by the Government and the Central Bank of the Republic of Armenia shall be deducted from the gross income for the purpose of determining the tax base for banks and credit organisations considered to be resident, in case of recovering it in the gross income in the amount directed to the reserve, where they are pardoned and when deductions have been made to the reserve of the possible losses of the assets to that regard.

(Article 124 amended by HO-261-N of 23 March 2018, edited by HO-258-N of 6 May 2020, supplemented by HO-449-N of 7 October 2020, HO-462-N of 21 October 2020, amended by HO-353-N of 2 October 2024)

(Law HO-258-N of 6 May 2020 has a transitional provision)

(Law HO-449-N of 7 October 2020 has a transitional provision)

(Law HO-462-N of 21 October 2020 has a transitional provision)

Article 125. Profit tax rates

1. Against the tax base for resident profit taxpayers, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment (with respect to the tax base formed with regard to the incomes attributed to the permanent establishment), the profit tax shall be calculated at the rate of 18 percent, except for the cases prescribed by parts 2, 3 and 3.1 of this Article. Within the meaning of the Code, it shall be deemed that incomes of non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment are attributed to the permanent establishment, where the accounting documents supporting those incomes have been issued by the permanent establishment, irrespective of whether or not the permanent establishment is indicated in the contracts concluded between the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment and the other party to the transaction as an income receiver.

2. Against the tax base for investment funds (except for pension funds and guarantee funds)

record-registered, having registered their rules in the Republic of Armenia, as well as for securitisation funds established on the basis of the Law of the Republic of Armenia “On asset securitisation and asset-backed securities”, the profit tax shall be calculated at the rate of 0.01 percent.

3. Individual entrepreneurs carrying out activities within turnover tax system prescribed by Chapter 55 of the Code shall pay the profit tax for those types of activities in the amount of five thousand drams a month (irrespective of the number of types of activities), which shall be deemed for them a final profit tax liability with respect to those types of activities.

Within the meaning of this part:

(1) the taxpayer, having submitted to the tax authority a statement as approved by the tax authority:

a. on terminating the activity for an uncertain period starting from a certain day, shall not calculate and pay profit tax in the amount prescribed by this part for the full months included within the period between the day of terminating the activity (but not earlier than the day of submitting the statement on terminating the activity) referred to in the statement and the day of resuming the activity (but not earlier than the day of submitting the statement on resuming the activity) referred to in the statement submitted as approved by the tax authority;

b. on terminating the activity for a certain period starting from a certain day, shall not calculate and pay profit tax in the amount prescribed by this part for the full months included within the period between the day of terminating the activity referred to in the statement (but not earlier than the day of submitting the statement on terminating the activity) and the day of resuming the activity referred to in the statement;

(2) if the newly record-registered individual entrepreneur, who has-by the end of the day following the day of record-registration-submitted to the tax authority a statement as approved by the tax authority:

a. on terminating the activity for an uncertain period starting from the day of record-registration, he or she shall not calculate and pay profit tax in the amount prescribed by this part for the full months included within the period between that day and the day of resuming the activity (but not earlier than the day of submitting the statement on resuming the activity) referred to in the statement submitted as approved by the tax authority;

b. on terminating the activity for a certain period starting from the day of record-registration, he or she shall not calculate and pay profit tax in the amount prescribed by this part for the full months included within the period between that day and the day of resuming the activity referred to in the statement.

3.1. Against the tax base of individual entrepreneurs carrying out activity in the general taxation system, the profit tax shall be calculated at a 23 percent rate.

4. Against the tax base for non-resident profit taxpayers carrying out activities in the Republic of Armenia without a permanent establishment, the profit tax shall be calculated at the following rates:

(1) five percent for incomes derived from insurance indemnities, re-insurance fees and transportation (freight);

(2) ten percent for passive incomes, except for the cases prescribed by points 3.1 and 4 of this part;

(3) ***(point repealed by HO-68-N of 25 June 2019)***

(3.1) five percent for dividends;

(4) zero percent for the increase in the value of assets derived from the alienation of securities, and 18 percent for the increase in the value of assets derived from alienation of stocks, shares and units owned in other organisation;

(5) 20 percent for other incomes derived from the sources of the Republic of Armenia and not referred to in points 1-4 of this part.

5. Where the incomes of a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment are not attributed to the permanent establishment, the profit tax against the tax base formed with regard to those incomes shall be calculated at the rates prescribed by part 4 of this Article. Within the meaning of the Code, it shall be deemed that incomes of non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment are not attributed to the permanent establishment, where the accounting documents supporting those incomes have not been issued by the permanent establishment, irrespective of whether or not the permanent establishment is indicated in the contracts concluded between the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment and the other party to the transaction as an income receiver.

6. In the case of failure to receive the outcome against the advance payments within 365 days following the day when the advance payment was made by a resident profit taxpayer, as well as a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent

establishment to an organisation registered (record-registered) in countries (geographical areas) with specific liberal tax systems prescribed by the Government, for obtaining goods from organisations registered (record-registered) in those countries (geographical areas), then for that organisation the advance payment shall be deemed other income derived from the sources of the Republic of Armenia starting from the 366th day following the day when it was made, against which profit tax shall be calculated at the rate prescribed by point 5 of part 4 of this Article.

(Article 125 supplemented, edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented and amended by HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, HO-595-N of 23 December 2022, supplemented by HO-120-N of 22 March 2023, edited, amended by HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

(Law HO-285-N of 12 June 2024 has a transitional provision)

CHAPTER 23

PROFIT TAX BENEFITS

Article 126. Exemption from the payment of profit tax

1. Profit taxpayers engaged in the production of agricultural products shall be exempt from paying profit tax for the tax years included until 31 December 2026, inclusive, for the income derived from the sale of agricultural products thereby, as well as for incomes derived from the sale of other assets or for other incomes, where the share of the income derived from the sale of other assets and of the other incomes in the gross income for the respective tax year does not exceed ten percent. Where the share of incomes derived from the sale of other assets and of the other incomes in the gross income for the respective tax year exceeds ten percent, the benefit provided for by this part shall apply only with respect to the income derived from the sale of agricultural products. Within the meaning of this part:

(1) agricultural products shall mean products produced for final or intermediate consumption, through biological processing of animals and plants as a result of actions carried out by the taxpayer, in particular:

a. crops of cereal grains and grain legume;

b. technical crops;

c. root and tuber, vegetable, melon and gourd crops and products of covered soil;

d. forage crops of field cultivation;

e. other products of forage production;

f. products of gardens, vineyards, orchards, small fruit acreages and floriculture;

g. seeds of trees and bushes, fruit seeds;

h. seedlings of trees and bushes;

i. plantings of trees and bushes;

j. products of bovine animal breeding;

k. products of swine breeding;

l. products of sheep breeding and goat breeding;

m. products of poultry breeding;

n. products of horse breeding, buffalo breeding, donkey breeding and mule breeding;

o. products of deer breeding, ostrich breeding and camel breeding;

p. products of rabbit breeding, fur animal breeding and hunting economies;

q. products of fish breeding, apiculture, silkworm cultivation, artificial insemination;

(2) when it is impossible to make an accurate calculation of the income derived from agricultural products for the tax years included until 31 December 2026, inclusive, it shall be calculated based on the estimated net income data calculated in accordance with the cadastral valuation procedure prescribed by Annex 2, which is a constituent part of this Code.

(3) agricultural cooperative or consumer cooperative established in accordance with the Laws of

the Republic of Armenia “On agricultural cooperatives” and “On consumer cooperatives” shall also be considered an agricultural product producer with respect to the income derived from the sale of agricultural products produced by its members (participants).

2. The Armenian Deposit Guarantee Fund prescribed by the Law of the Republic of Armenia “On guaranteeing compensation of bank deposits of natural persons” shall be exempt from paying profit tax for the following incomes:

(1) regular, lump sum and additional guarantee fees paid by commercial banks in accordance with the procedure prescribed by the Law of the Republic of Armenia “On guaranteeing compensation of bank deposits of natural persons”;

(2) amounts compensated to natural persons by the Fund and received from banks based on claims acquired against the banks;

(3) incomes derived from investments in the following assets:

a. state securities of the Republic of Armenia;

b. those invested as bank deposits and/or bank accounts in the Central Bank of the Republic of Armenia and top foreign banks with high ratings;

c. securities of the Central Bank of the Republic of Armenia;

d. standard gold bullions;

e. securities of governments and/or Central Banks of countries with high ratings;

e. securities of governments and/or Central Banks of countries with high ratings;

f. other financial assets, by the decision of the Board of Trustees of the Fund and upon the consent of the Board of the Central Bank of the Republic of Armenia.

3. The Bureau established on the basis of the Law of the Republic of Armenia “On compulsory motor vehicle liability insurance” shall be exempt from paying profit tax for all fees made to the Guarantee Fund (hereinafter referred to as “Guarantee Fund”) established within the Bureau pursuant to that Law, as well as for all other amounts generated for the Guarantee Fund, including those generated from incomes generated from investments made from the funds of the Guarantee Fund.

4. The Panarmenian Bank shall be exempt from paying profit tax.

5. Non-resident profit taxpayers shall be exempt from paying profit tax for incomes derived in the form of interests from state bonds of the Republic of Armenia or in the form of a discount made at the time of repayment of said bonds, as well as for incomes derived from the alienation of said bonds, their exchange with other securities or other similar transactions.

5.1. Non-resident profit taxpayers shall be exempt from paying profit tax for the following:

(1) in respect of the incomes derived from the alienation of the dividends received from the stocks listed in the stock exchange functioning in the Republic of Armenia, as well as from the alienation of the mentioned shares, exchange with other securities or other similar transactions;

(2) in respect of the incomes derived from the alienation of the incomes derived in the form of interest or in the form of discount of bonds listed in the stock exchange functioning in the Republic of Armenia, as well as from the alienation of the mentioned bonds, exchange with other securities or other similar transactions;

(3) in respect of the incomes with regard to the borrowing provided to the resident legal person, provided that the given borrowing was completely financed due to the placement of bonds issued in equal terms and is considered to be a measure for securing the bonds, and the those bonds are admitted to trading on a regulated market operating in the Republic of Armenia.

6. Profit taxpayers engaged in the production of hand-made carpets shall be exempt from paying profit tax for the income derived from the sale of hand-made carpets.

7. Profit taxpayers deemed operators of a free economic zone shall be exempt from paying profit tax for the income derived from activities carried out in the free economic zone established in the territory of the Republic of Armenia — for the income derived from sources of the Republic of Armenia or from sources outside the Republic of Armenia. The income derived from sales of objects of intellectual property rights created (engineered) or developed within the territory of the free economic zone by the result of performance of types of activities prescribed by part 1 of Article 14 of the Law of the Republic of Armenia “On free economic zones” or the income derived from transfer thereof by the right of use (including surplus value of the object of intellectual property rights), the income derived from sales of goods containing objects of intellectual property rights and any other income derived from objects of intellectual property rights shall not be exempt from paying profit tax.

(Article 126 supplemented and amended by HO-266-N of 21 December 2017, amended and supplemented by HO-82-N of 24 January 2020, HO-215-N of 26 May 2021, edited by HO-297-N of 12 June 2024, amended by HO-473-N of 5 December 2024)

(Law HO-82-N of 24 January 2020 has a transitional provision)

(Law HO-215-N of 26 May 2021 has a transitional provision)

(Law HO-473-N of 5 December 2024 has a transitional provision)

Article 127. Deduction of profit tax

1. ***(part repealed by HO-145-N of 11 April 2024)***

2. ***(part repealed by HO-145-N of 11 April 2024)***

3. For resident profit taxpayers, the amount of the profit tax for a reporting year shall be deducted in the amount of incomes not received (received less) due to providing citizens of separate groups with services at discounted rates or free of charge in the cases prescribed by law or, if so prescribed by law, by the decision of the Government, except:

(1) where the Law of the Republic of Armenia on State Budget for the reporting year prescribes subsidy allocations for the resident profit taxpayer;

(2) where the resident profit taxpayer has been given the right to render such services based on an appropriate procedure for licensing or notifying or holding a tender and it has been stipulated in the terms of the license or notification or tender that tax damages emerged due to providing citizens of separate groups with services at discounted tariffs or free of charge in the cases prescribed law or, if so prescribed by law, by the decision of the Government, shall not be subject to compensation.

(Article 127 amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, HO-145-N of 11 April 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-145-N of 11 April 2024 has a transitional provision)

Article 128. Deducted profit tax rates

(Article repealed by HO-338-N of 21 June2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

CHAPTER 24

CALCULATION OF PROFIT TAX

Article 129. Reporting period

1. With regard to resident profit taxpayers, contractual investment funds (except for pension funds and guarantee funds) record-registered, having registered their rules in the Republic of Armenia, as well as to non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, each reporting year shall be deemed a reporting period for the calculation and payment of the profit tax.

Article 130. Procedure for calculation of the amount of the profit tax subject to payment to the State Budget

1. In accordance with the results of the activities of the reporting period, resident profit taxpayers shall pay to the State Budget the positive balance of the profit tax amounts — calculated against the profit tax base relating to that reporting period at the rate prescribed by part 1 of Article 125 of the Code — and the amounts deductible from the profit tax. Within the meaning of this part, the following shall mean amounts deductible from the profit tax:

(1) advance profit tax fees calculated in accordance with the procedure and in the amount prescribed by Article 135 of the Code;

(2) the amounts of profit tax collected in foreign states or of another tax calculated against the profit, prescribed by Article 20 of the Code;

(3) amounts deductible from the profit tax, prescribed by part 3 of Article 127 of the Code.

2. In accordance with the results of the activities of the reporting period, investment funds (except for pension funds and guarantee funds) record-registered, having registered their rules in the Republic of Armenia, shall pay to the State Budget the profit tax amounts calculated against the tax

base relating to that period, at the rate prescribed by part 2 of Article 125 of the Code.

3. In accordance with the results of the activities of the reporting period, non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment (with respect to the tax base formed with regard to the incomes attributed to the permanent establishment) shall pay to the State Budget the positive balance of the profit tax amounts — calculated against the profit tax base relating to that reporting period at the rate prescribed by part 1 of Article 125 of the Code — and the amounts deductible from the profit tax. Within the meaning of this part, the following shall mean amounts deductible from the profit tax:

(1) advance profit tax fees made in accordance with the procedure and in the amount prescribed by Article 135 of the Code;

(2) profit tax amounts calculated and withheld by a tax agent at the rates prescribed by part 4 of Article 125 of the Code and as prescribed by Article 132 of the Code with respect to the tax base formed from the incomes paid to a non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment and attributed to the permanent establishment.

4. The profit tax amounts calculated and withheld by a tax agent at the rates prescribed by part 4 of Article 125 of the Code and as prescribed by Article 132 of the Code with respect to the tax base formed with regard to the incomes paid to non-resident profit taxpayers carrying out activities in the Republic of Armenia without a permanent establishment, as well as to the tax base formed with regard to the incomes paid to non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, shall be deemed final amounts of profit tax subject to payment to the State Budget.

5. In accordance with the results of the activities of the reporting period, non-resident profit taxpayers carrying out activities in the Republic of Armenia without a permanent establishment — as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment with respect to the incomes not attributed to the permanent establishment — shall pay to the State Budget the profit tax amounts calculated at the respective rate prescribed by part 4 of Article 125 of the Code against the tax base formed with regard to the incomes received by those not deemed tax agents.

(Article 130 amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, HO-145-N of 11 April 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-145-N of 11 April 2024 has a transitional provision)

Article 131. Procedure for calculating the amount of the profit tax subject to compensation from the State Budget

1. In accordance with the results of the activities of the reporting period, the amount of the profit tax subject to compensation from the State Budget to resident profit taxpayers, as well as to non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, shall be calculated as a negative balance of the profit tax amounts calculated against the tax base relating to the reporting period at the rate prescribed by part 1 of Article 125 of the Code and the amounts deductible from the profit tax, prescribed respectively by part 1 or part 3 of Article 130 of the Code.

(Article 131 amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 132. Calculating and withholding the profit tax by a tax agent

1. With respect to the tax base formed from the incomes paid to non-resident profit taxpayers, the profit tax shall be calculated and withheld by the tax agent, based on the rates prescribed by part 4 of Article 125 of the Code, where:

(1) incomes are paid to the non-resident profit taxpayer carrying out activities in the Republic of Armenia without a permanent establishment;

(2) incomes are paid to the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, but those incomes are not attributed to the permanent establishment.

2. Within the meaning of this Article, the profit taxable object shall be recorded (tax calculation shall be carried out) by the cash basis accounting method. In particular, the following shall be deemed to be payment of income serving as a basis for tax calculation:

(1) cash or non-cash monetary fees, including fees made in parts, irrespective of whether or not the right to receive the income has emerged;

(2) compensation with other property;

(3) mutual offsetting (repayment) of receivables and payables;

(4) debt restructuring or renewal;

(5) concession of the right to claim income against a tax agent to a person who is not a tax agent;

(6) release of income claims;

(7) adoption of a decision on distribution of dividends prescribed by point 5 of part 3 of Article 109 of the Code.

3. Where due to a failure to complete the relevant transaction, cash or non-cash monetary fees, prescribed by point 1 of part 2 of this Article, are returned:

(1) before the actual submission, by the tax agent, of the calculation report, for the reporting period covering the day when those fees were made, on incomes paid to non-resident profit taxpayers, amounts calculated and withheld from those incomes and paid to the State Budget in the previous reporting quarter, as prescribed by part 2 of Article 134 of the Code, but not later than the deadline for submission of such calculation report, prescribed by part 2 of Article 134 of the Code, it shall be deemed that no income has been paid to the non-resident profit taxpayer;

(2) after the submission, by the tax agent, of the calculation report, for the reporting period covering the day when those fees were made, on incomes paid to non-resident profit taxpayers, amounts calculated and withheld from those incomes and paid to the State Budget in the previous reporting quarter, as prescribed by part 2 of Article 134 of the Code, the tax agent may submit a verified calculation report to the tax authority in accordance with the general procedure prescribed by the Code.

4. The profit tax for the dividends paid to non-resident profit taxpayers shall be calculated and withheld by the tax agent based on the rates prescribed by part 4 of Article 125 of the Code, irrespective of whether or not the dividends received have been attributed to the permanent establishment.

(Article 132 amended by HO-266-N of 21 December 2017)

Article 133. Special aspects of profit tax calculation for non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment

1. Non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment shall be obliged to conduct separated accounting of the incomes and expenses attributed to the permanent establishment.

2. When determining the tax base for the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment, only the expenses (including those made outside the Republic of Armenia), in the supporting settlement documents whereof the relevant data on the permanent establishment is mentioned as data relating to the person acquiring the product, accepting the work and/or service, prescribed by point 10 of part 4 of Article 55 of the Code, shall be deducted from the gross income.

Article 134. Submission of profit tax calculation reports

1. Resident profit taxpayers, contractual investments funds (except for pension funds and guarantee funds) record-registered, having registered their rules in the Republic of Armenia, as well as non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, shall submit to the tax authority a profit tax calculation report by April 20, inclusive, of the tax year following the reporting period, as prescribed by Article 53 of the Code. The profit tax calculation report, prescribed by this part, submitted to the tax authority by non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment, shall also include the tax base formed with regard to incomes not attributed to the permanent establishment and the profit tax amount calculated as prescribed by part 5 of Article 130 of the Code.

2. Tax agents shall — until 20th, inclusive, of the month following each reporting quarter — submit to the tax authority, as prescribed by Article 53 of the Code, a calculation report on incomes paid to non-resident profit taxpayers, amounts calculated and withheld from those incomes and paid to the State Budget in the previous reporting quarter.

3. In the case of absence of a tax agent, non-resident profit taxpayers carrying out activities in the Republic of Armenia without a permanent establishment shall — until April 20, inclusive, of the tax year following each reporting period — submit profit tax calculation reports to the subdivision of the tax authority serving Kentron Administrative District of the city of Yerevan, as prescribed by Article 53 of the Code.

4. Tax agents shall, prior to and including 20 April of the tax year following each tax year, pursuant to the procedure prescribed by Article 53 of the Code, submit to the tax authority information on income paid to organisations registered in other states during the previous tax year, date of payment of income, profit tax amounts calculated and withheld from the income. The information defined by this part shall be submitted to the tax authority where there is a requirement on exchange of information with respect to organisations registered in the states which are party to International treaties ratified by the Republic of Armenia. The list of International treaties ratified by the Republic of Armenia shall be published by the tax authority by posting it on its official website.

5. Resident financial institutions having obtained state registration (record-registered) in the Republic of Armenia and non-resident financial institutions prescribed by Chapter 80.2 of the Code that are record-registered in the Republic of Armenia and have a permanent establishment shall — as prescribed by Article 53 of the Code — submit the information prescribed by Article 443.4 of the Code before 10 May inclusive of the tax year following each tax year.

(Article 134 amended by HO-266-N of 21 December 2017, supplemented by HO-275-N of 4 June 2021, HO-338-N of 10 September 2024)

(Law HO-275-N of 4 June 2021 has a transitional provision)

(Law HO-338-N of 10 September 2024 has a final part and transitional provisions)

CHAPTER 25

PROCEDURE FOR PAYING PROFIT TAX AMOUNT AND CREDITING IT TO SINGLE ACCOUNT

Article 135. Advance fees of profit tax

1. A resident profit taxpayer and a non-resident profit taxpayer carrying out activity in the Republic of Armenia through a permanent establishment shall be obliged to make advance fees of profit tax (except for the cases prescribed by part 7 of this Article) for each quarter of the current tax year prior to and including the twentieth day of the last month of the given quarter, in the amount calculated by 20 percent of the profit tax amount of the preceding tax year and in the minimum amount calculated by two percent of the income derived from the supply of goods, performance of works and/or provision of services during the preceding quarter.

2. For the purpose of calculation of the advance fees of profit tax, as prescribed by part 1 of this Article,

(1) the profit tax amount of the preceding tax year shall not include (shall be deducted from that amount):

(a) the settlement shares of the profit tax included in the amounts of the turnover tax calculated within the framework of special tax systems prescribed by Section 13 of the Code, as well as the amounts of profit tax calculated within the framework of special tax systems;

(b) the amounts of profit tax, from which profit taxpayers are exempted in the cases prescribed by Article 126 of the Code;

(c) the amounts of profit tax, which are deducted in the cases prescribed by part 3 of Article 127 of the Code;

(d) the amounts of profit tax calculated in compliance with part 5 of Article 130 with respect to incomes not attributed to the permanent establishment of the non-resident profit taxpayer carrying out activities in the Republic of Armenia through a permanent establishment;

(e) the amounts of profit tax levied in foreign states or other tax calculated from profit prescribed by Article 20 of the Code;

(f) the amounts of profit tax revealed through the inspection or re-inspection by the tax authority during the preceding tax year (regardless of the fact which tax years they refer to).

(2) the value of the incomes received from supply of goods, performance of works and/or provision of services during the preceding quarter shall be determined by the total amount of the tax base of VAT taxable transactions and transactions exempt from VAT, submitted to the tax authority — before the due date of making an advance payment of the profit tax prescribed by part 1 of this Article — for the months included in the preceding quarter and reflected in the unified calculation reports (including verified) of VAT and excise tax prescribed by Article 75 of the Code. Within the meaning of application of this point:

(a) the added or reduced amounts of incomes received from supply of goods, performance of works and/or provision of services during the given quarter, submitted to the tax authority after the due date of making an advance payment of the profit tax prescribed by part 1 of this Article, given the change in the total amount of the tax base of VAT taxable and VAT non-taxable transactions reflected in the unified calculation reports of VAT and excise tax (including in case of submitting

unified calculation report or verified calculation report of VAT and excise tax for any reporting month of the quarter), shall not be taken into account for calculating the value of the advance payment of the profit tax;

(b) the tax base of VAT taxable transactions and those exempted from VAT reflected in the unified calculation reports of VAT and excise tax submitted to the tax authority for the months included in the previous quarter based on the results of the inspection or re-inspection carried out by the tax authority, shall not be re-calculated.

2.1. Profit tax (including verified) calculation report submitted for the previous tax year shall serve as a ground for calculating the amount of the next advance payment following the day of submitting that calculation report, if the calculation report has been submitted before the due date of the last advance payment in the given tax year.

3. Prior to calculation of the amount of the profit tax of the preceding tax year (prior to submitting the profit tax calculation report for the preceding tax year to the tax authority), the amount calculated by 20 percent of the amount of the profit tax reflected by the calculation (including verified) of the profit tax submitted for the last reporting year shall be accepted instead of the amount calculated by 20 percent of the amount of the profit tax of the proceeding tax year for making an advance payment of the profit tax.

4. ***(Part repealed by HO-302-N of 16 June 2020)***

5. The taxpayers who have received state registration (have been record-registered, in the cases prescribed by law) during the tax year or taxpayers who have been appointed as a notary, shall not make advance fees of profit tax for the quarters of the tax year of state registration (record-registration, in cases prescribed by law) or appointment as a notary respectively, and the taxpayers who were not considered VAT payers during the previous tax year and those considered VAT payers during the current tax year — for the quarters of the current tax year.

6. Where the taxpayers have not considered themselves VAT payers in violation of the requirements of Article 59 of the Code but were considered to be such based on the results of the control exercised by the tax authority, the advance payment of the profit tax for the first time shall be made for the first quarter of the tax year following the tax year including the day of submitting the inspection act or other document to the taxpayer, where the taxpayer is considered a VAT payer during the given tax year according to Article 59 of the Code.

7. The taxpayer, who has submitted to the tax authority a declaration in the form approved by the tax authority:

(1) on terminating their activity for an indefinite term starting from a certain day, may not make the advance fees of the profit tax for the complete quarters included in the period from the day of terminating the activity (but not earlier than the day of submitting the declaration on terminating the activity) referred to in the declaration until the day of resuming the activity (but not earlier than the day of submitting the declaration on resuming the activity) referred to in the declaration submitted in the form approved by the tax authority;

(2) on terminating their activity for a definite term starting from a certain day, may not make the advance fees of the profit tax for the complete quarters included in the period from the day of terminating the activity referred to in the declaration (but not earlier than the day of submitting the declaration on terminating the activity) until the day of resuming the activity referred to in the declaration.

8. During the tax year:

(1) in case of the reorganisation of the organisation through division, each of the newly-created organisations shall not make the advance payment of the profit tax for the quarters of the tax year including the state registration day of the reorganisation;

(2) in case of the reorganisation of the organisation through separation, the organisation from which another organisation or organisations has/have been separated, shall, regardless of the fact of the reorganisation, continue making the advance fees of the profit tax as prescribed by this Article, while the separated organisation or organisations shall not make advance fees of the profit tax for the quarters of the tax year including the state registration day of the reorganisation;

(3) in case of the reorganisation of the organisation through consolidation, the newly-created organisation shall not make advance payment of the profit tax for the quarters of the tax year including the state registration day of the reorganisation;

(4) in case of the reorganisation of the organisation through absorption, the organisation which has been joined by another organisation or organisations, shall, regardless of the fact of the reorganisation, continue making advance fees of the profit tax as prescribed by this Article.

(Article 135 supplemented and amended by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, amended and edited by HO-302-N of 16 June 2020, amended by HO-145-N of 11 April 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-302-N of 16 June 2020 has a transitional provision)

(Law HO-145-N of 11 April 2024 has a transitional provision)

Article 136. Payment of profit tax amount

1. The resident profit taxpayers and contractual investment funds (except for pension funds and guarantee funds) which are record-registered and have registered their rules in the Republic of Armenia, as well as non-resident profit taxpayers carrying out activity in the Republic of Armenia through a permanent establishment shall pay the profit tax amounts subject to payment to the State Budget prior to and including the twentieth of April of the tax year following the given tax year, as prescribed by parts 1-3 of Article 130 of the Code accordingly.

2. Tax agents shall pay the profit tax amounts calculated and withheld in the manner prescribed by Article 132 of the Code — to the State Budget prior to and including the twentieth day of the month following the quarter of paying the incomes to the non-resident profit taxpayer.

3. In the absence of the tax agent, the non-resident profit taxpayers carrying out activity in the Republic of Armenia without a permanent establishment, as well as the non-resident profit taxpayers carrying out activity in the Republic of Armenia through a permanent establishment — with respect to the tax base formed with regard to the incomes not attributable to a permanent establishment, shall pay to the State Budget the profit tax amounts calculated in the manner prescribed by parts 4 and 5 of Article 130, subject to payment to the State Budget, prior to the twentieth of April of the tax year following the given tax year inclusive.

4. Individual entrepreneurs carrying out activity in special tax systems shall pay the profit tax prescribed by part 3 of Article 125 of the Code with respect to those types of activities for each month prior to the twentieth of April of the tax year following the given tax year inclusive.

(Article 136 amended by HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 137. Peculiarities of payment of profit tax amount by resident taxpayers undergoing insolvency and/or liquidation procedures

1. According to the legislation regulating the insolvency of banks, credit organisations, insurance companies and specialised persons of securities market, the bank, the credit organisation, the insurance company or the specialised person of securities market may suspend the fees of profit tax (including the advance fees of the profit tax prescribed by Article 135 of the Code) from the day the court decision on the liquidation and appointment of the liquidation manager enters into force until it is the turn to satisfy the requirements of the State Budget in accordance with the order of satisfaction of the creditors' claims prescribed by law.

2. According to the legislation regulating the insolvency of the resident profit taxpayers not referred to in part 1 of this Article, the resident profit taxpayer (except for the taxpayers prescribed by part 1 of this Article) may suspend the fees of the profit tax (including the advance fees of the profit tax prescribed by Article 135 of the Code) from the day the court decision on the liquidation of the profit taxpayer enters into force until it is the turn to satisfy the requirements of the State Budget in accordance with the order of satisfaction of the creditors' claims prescribed by law.

3. The bank, the credit organisation, the insurance company or the specialised person of securities market being liquidated without the procedure of insolvency, may, according to the legislation regulating the liquidation procedure, suspend the fees of profit tax (including the advance fees of the profit tax prescribed by Article 135 of the Code) from the day of granting the permission for liquidation by the Board of the Central Bank of the Republic of Armenia until it is the turn to satisfy the requirements of the State Budget in accordance with the order of satisfaction of the creditors' claims prescribed by law.

4. The resident profit taxpayer being liquidated without the procedure of insolvency (except for the profit taxpayers prescribed by part 3 of this Article) may suspend the fees of the profit tax (including the advance fees of the profit tax prescribed by Article 135 of the Code) from the day the decision on liquidation enters into force until it is the turn to satisfy the requirements of the State Budget in accordance with the order of satisfaction of the creditors' claims prescribed by law.

Article 138. Crediting the profit tax amount to single account

1. The profit tax amount refundable from the State Budget, prescribed by Article 131 of the Code, shall be credited to the single account before the day preceding the deadline for payment of the profit tax for the given reporting period, where the taxpayer has used the relevant software command, or on the deadline for payment of the profit tax for the given reporting period, whereas

the profit tax amount refundable from the State Budget that is generated by the profit tax calculation report (including verified) submitted for the given reporting period after the deadline for payment of the profit tax for the given reporting period shall be credited to the single account on the day of submission of the profit tax calculation report (including verified).

2. The profit tax amounts paid in excess of the amount prescribed by the Code shall be credited to the single account in the manner and within the time limits prescribed by the Code with regard to tax administration.

(Article 138 edited by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

SECTION 7

INCOME TAX

CHAPTER 26

INCOME TAX AND TAXPAYERS

Article 139. Income tax

1. Income tax is a state tax paid to the State Budget in the manner, amount and within the time limits prescribed by the Code for a taxable object prescribed by Article 141 of the Code.

Article 140. Income taxpayers

1. Resident and non-resident natural persons shall be deemed to be income taxpayers.

2. Individual entrepreneurs and notaries — as natural persons — shall be deemed to be income taxpayers only in respect of their personal incomes.

CHAPTER 27

OBJECTS TAXABLE BY INCOME TAX, TAX BASE AND RATES

Article 141. An object taxable by income tax

1. The following shall be considered an object taxable by income tax:

(1) for resident natural persons — the gross income derived from the sources of and/or outside the Republic of Armenia, except for the entrepreneurial incomes of individual entrepreneurs record-registered in the Republic of Armenia and notaries;

(2) for non-resident natural persons — the gross income derived from the sources of the Republic of Armenia, except for the incomes attributable to a permanent establishment of non-resident natural persons carrying out activity in the Republic of Armenia through a permanent establishment and/or deriving income from the sources of the Republic of Armenia through a permanent establishment, as well as incomes derived from the foreign economic activity. Within the meaning of this point, the foreign economic activity shall be understood by the meaning prescribed by point 1 of part 2 of Article 108 of the Code.

Article 142. Accounting methods of an object taxable by income tax

1. Within the meaning of this Section, the record-keeping of the income taxable object shall be carried out (the tax shall be calculated) according to the following methods:

(1) accrual basis accounting method in respect of the salary and other fees equivalent thereto, as well as incomes prescribed by point 3 of part 2 of Article 149 of the Code, subject to calculation;

(2) cash basis accounting method in respect of passive incomes;

(3) cash basis accounting method in respect of the incomes derived from the performance of works and/or the provision of services within the framework of civil law contracts;

(4) cash basis accounting method in respect of temporary incapacity and maternity benefits prescribed by the Law of the Republic of Armenia “On temporary incapacity and maternity benefits”;

(5) cash basis accounting method in respect of the incomes not referred to in points 1-4 of this part.

(Article 142 supplemented by HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 143. Income tax base

1. The following shall be considered to be an income tax base:

(1) for resident natural persons — taxable income, which is determined as a positive difference of the gross income prescribed by point 1 of part 1 of Article 141 of the Code and deducted incomes prescribed by Article 147 of the Code;

(2) for non-resident natural persons — taxable income, which is determined as a positive difference of the gross income prescribed by point 2 of part 1 of Article 141 of the Code and deducted incomes prescribed by Article 147 of the Code.

Article 144. Sources of incomes

1. The following shall be considered incomes derived from the sources of the Republic of Armenia:

(1) the salary and other fees equivalent thereto received within the framework of employment contracts concluded with resident taxpayers and/or non-resident profit taxpayers carrying out activity in the Republic of Armenia through a permanent establishment;

(2) the incomes derived within the framework of civil law contracts concluded with resident taxpayers and/or non-resident profit taxpayers carrying out activity in the Republic of Armenia through a permanent establishment;

(3) passive incomes, in cases prescribed by part 3 of Article 107 of the Code;

(4) other incomes, in cases prescribed by part 5 of Article 107 of the Code.

2. Where it is not possible to attribute other incomes prescribed by point 4 of part 1 of this Article to the sources outside the Republic of Armenia, those incomes shall be deemed to be fully derived from the sources of the Republic of Armenia.

3. The incomes, which are not considered incomes derived from the sources of the Republic of Armenia according to parts 1 and 2 of this Article, shall be deemed to be incomes derived from the sources outside the Republic of Armenia.

Article 145. Peculiarities of record-keeping of separate types of income

1. For the purpose of determining the income tax base

(1) where a natural person considered a constructor of a multi-apartment (including multi-functional) building, subdivided building, private residential house alienates to another natural person a building, the apartments and constructions (including unfinished and semi-constructed) thereof, residential or other premises, the income derived from the alienated building or premise (without non-residential premises considered common shared ownership) shall be calculated based on the actual price of the transaction, while in the absence of the transaction price or where the transaction price is lower than the amount of 80 per cent of the immovable property tax base determined as prescribed by Article 228 of the Code — in the amount of 80 per cent of the immovable property tax base determined as prescribed by Article 228 of the Code;

(2) the income derived from the alienation of the property pledged in a bank or a credit organisation shall be calculated as prescribed by Article 146 of the Code.

(3)

(4)

(Article 145 amended, supplemented by HO-276-N of 4 June 2021, amended by HO-360-N of 17 November 2021, HO-538-N of 7 December 2022)

(Law HO-276-N of 4 June 2021 has a final part and transitional provisions)

(Law HO-360-N of 17 November 2021 has a transitional provision)

(Law HO-538-N of 7 December 2022 has a final part and a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law "On regulation of gambling activities" is put into full effect)

Article 146. Income derived from the alienation of the pledged property

1. Where the property pledged by a natural person (including a natural person deemed an individual entrepreneur or a notary, where as a pledgor they act as a natural person not deemed an individual entrepreneur or a notary) passes to the pledgee bank or credit organisation by the right of ownership as a result of the confiscation thereof (including in the case of compulsory purchase or transfer or purchase or transfer through insolvency auction), the positive difference of the alienation price of the pledged property and the loan obligation shall be deemed to be the income derived from the alienation of the property of the pledgor, who is a natural person, except for the cases prescribed by part 2 of this Article.

2. Where the property is alienated to the former owner of the property (whose property has been confiscated) or to the owner's legal successor within one year after taking the pledged property, passed to the ownership of the bank or the credit organization, under the ownership of the bank or the credit organisation (including property received for a debt), it shall be deemed that the pledgor has not derived income from the alienation of the property.

3. The following shall be considered the day of the payment to the natural person of the incomes derived from the alienation of the pledged property passed to the ownership of the bank or the credit organisation as a result of confiscation in extrajudicial procedure, and the alienation price:

(1) the day of the further alienation of that property by the bank or the credit organisation and the alienation price, where the alienation has taken place within one year after taking the ownership over the property. Moreover, where the property has been alienated at a price considered unreasonably lower than the market price as of the day of the alienation, the market price of that property as of the day of the alienation thereof shall be deemed to be the alienation price of the property;

(2) the last day of the one-year period following the day of taking the ownership over the property and the market price as of that day, where the property has not been alienated within that one-year period. Moreover, the bank or the credit organisation shall be obliged to ensure at their own expense the determination of the market price of the property by an independent appraiser.

4. Where within the framework of a civil, a criminal, a bankruptcy or an administrative case to which the former owner of the confiscated property or the owner's successor is a party, a lien is put on the given property passed to the ownership of the bank or the credit organisation, the running of the one-year period prescribed by this Article shall be suspended for the entire period of being under lien.

5. The bank or the credit organisation and the pledgor, who is a natural person, may agree that within the meaning of part 3 of this Article the day of passing the alienated property to the ownership of the bank or the credit organisation and the market price as of that day determined by an independent appraiser shall be considered to be the day of the payment to the natural person of the incomes as a result of the alienation of the pledged property, and the alienation price. The agreement prescribed by this part shall be concluded in writing.

6. Within the meaning of this Article, the obligation (including interests, default penalty, the damages caused due to the default of the fulfilment period) secured by a pledge as of the day of passing the pledged property to the ownership of the bank or the credit organisation, as well as the expenses made or to be made by the pledgee for maintaining, safekeeping, confiscating and alienating the pledged property, which do not exceed 15 percent of the alienation price of the pledged property, shall be deemed to be a loan obligation.

(Article 146 amended by HO-120-N of 22 March 2023)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

Article 147. Deducted incomes (deductions)

1. The following shall be considered incomes deducted for the purpose of determining the tax base:

(1) the amounts of the benefits received according to the legislation of the Republic of Armenia, except for the amounts of temporary incapacity and maternity benefits of hired employees and self-employed natural persons prescribed by the Law of the Republic of Armenia "On temporary incapacity and maternity benefits";

(2) all types of pensions (including the funded pensions received within the framework of the funded component according to the Law of the Republic of Armenia "On funded pensions", pensions received under the legislation of other states and similar fees received within the scope of pension

system of other states), except for the pensions received in the prescribed manner within the framework of the contribution to the voluntary pension component;

(3) the voluntary pension contributions made within the framework of the voluntary pension component according to the legislation of the Republic of Armenia — by natural persons for themselves and/or those made by a third party (including employer) for a natural person, in the amount not exceeding 5 percent of the tax base of the natural person;

(4) the insurance compensations, except for the compensations (including pensions) received in the prescribed manner at the expense of the voluntary pension contributions made within the framework of the voluntary pension component according to the legislation of the Republic of Armenia — by natural persons for themselves and/or those made by a third party (including employer) for a natural person;

(4.1) amounts received through banks or credit organisations which they have received as an insurance compensation, with regard of which the bank or the credit organisation is a beneficiary to the extent that those amounts shall — upon the insurance contract — be provided by banks or credit organisations to the creditor or a pledgor natural person or be directed to the repayment of the credit of the creditor natural person;

(5) the additional funds allocated from the State Budget of the Republic of Armenia for (in favour of) a natural person within the framework of the funded pension component according to the Law of the Republic of Armenia “On funded pensions”;

(6) the incomes received before the expiration of the term prescribed by law for acquiring the right of receiving the funded pension at the expense of the funded allocations made for (in favour of) a natural person within the framework of the funded pension component according to the Law of the Republic of Armenia “On funded pensions”;

(7) the works performed for military servicemen and persons equivalent thereto, the services provided to them or their in-kind (non-monetary) income, as well as the cash payments to compulsory military servicemen (cadets of military-educational institutions) according to Articles 64-66 of the Law of the Republic of Armenia "On military service and status of the serviceman;

(8) the lump-sum fees of the family members of deceased servicemen and of servicemen who have been declared as persons with disabilities received according to the legislation of the Republic of Armenia;

(9) the honorariums, financial support received, social assistance provided by state administration or local self-government bodies, social assistance provided by organisations or individual entrepreneurs having concluded a contract or memorandum of understanding on providing social assistance with state administration or local self-government bodies, within the framework of the social protection system according to the legislation of the Republic Armenia;

(10) the alimonies (maintenance fees) received according to the legislation of the Republic of Armenia;

(11) the incomes received for donated blood, breast milk and other types of donations;

(12) the compensation fees (including compensation fees of diplomatic officers) related to the performance of works within the framework of employment contracts within the limits of the standards (amounts) prescribed by the legislation of the Republic of Armenia, of sums not exceeding the amounts prescribed by Article 117 of the Code in case of secondment within the territory of the Republic of Armenia and outside the territory of the Republic of Armenia, except for the compensation fees for the unused leave in case of dismissal from work;

(12.1) compensation of expenses to the volunteer by the Organisation defined by point 3 of part 1 of Article 3 of the Law “On volunteer work” in case of performing volunteer work outside his or her place of residence (city or village) not less than in the minimum amounts of secondment expenses established by labour legislation of the Republic of Armenia for employees on business trips, which are substantiated by settlement documents defined by part 2 of Article 55 of the Code;

(13) the property and/or funds received from natural persons as a gift and/or succession according to the legislation of the Republic of Armenia. Within the meaning of this point, the property prescribed by point 1 of part 1 of Article 145 of the Code received as a gift from a natural person considered a constructor of a multi-apartment (including multi-functional) building, subdivided building shall not be deemed to be a deducted income;

(14) the assets, works and services received from non-commercial organisations without compensation;

(15) the assets, works and services received based on the decisions of state and local self-government bodies of the Republic of Armenia, bodies established by law and operating on a permanent basis, as well as those received from foreign states and international, interstate (intergovernmental) organisations without compensation, the fees made by the bodies and organisations referred to in this point for (in favour of) natural persons;

(16) the incomes received from natural persons not deemed individual entrepreneurs and notaries in the result of alienation of the property belonging to them by the right of ownership. Within the

meaning of this point, the incomes prescribed by point 1 of part 1 of Article 145 of the Code, which are received in the result of alienation of a building, the apartments and constructions (including unfinished and half-finished) or other premises (without non-residential premises considered common shared ownership) by a natural person considered (having been considered) a developer of a multi-apartment (including multi-functional) building, subdivided building to a natural person not being considered an individual entrepreneur or a notary shall not be deemed deducted incomes;

(17) the scholarships received from the State by the students of higher education institutions, Ph.D. students, students of specialised secondary and vocational educational institutions, attendants of religious educational institutions, as well as the scholarships which those educational institutions or the organizations and bodies referred to in parts 14 and 15 of this point award them;

(18) the amounts, which are received as a compensation for the caused damage as prescribed by law, except for the compensations for lost income;

(19) the amounts of received loans and borrowings, except for cases of assigning the amounts of a loan or a borrowing by the debtor or agreeing with the debtor on the non-refund of those amounts in any other form (including at the moment of the expiration of the term for the statute of limitation prescribed by law);

(20) the amounts of the support received in lump sum in the event of the death of the employee or any family member thereof;

(21) the prizes of the athletes who won in international contests playing on the national team of the Republic of Armenia, and their coaches;

(22) the monetary and material prizes of the participants of trade promotion lotteries carried out in the manner and conditions prescribed by the legislation of the Republic of Armenia, in an amount not exceeding AMD 50 000 in case of each winning, the monetary and material prizes of the participants of drawing, instant or combined lottery, as well as betting or winnings in casinos, games of chance and/or on-line games of chance;

(23) the value of the monetary and material prizes received in competitions in an amount not exceeding AMD 50 000 in case of each prize;

(24) the compensation amounts of the tuition fee of up to 20 percent of the composition of students of higher education institution, in cases prescribed by the legislation;

(point as amended by Law HO-121-N of 4 May 2022 shall enter into force on the tenth day following the day of official promulgation of Law HO-121-N of 4 May 2022 and shall extend to the relations effective until 1 August 2024, according to Article 3 of the same Law)

(25) the state awards (prizes);

(26) the amounts compensated from the Deposit Guarantee Fund as prescribed by the Law of the Republic of Armenia “On guaranteeing compensation of bank deposits of natural persons”, except for the interests accrued on the deposit amount and compensated;

(27) the compensation amounts for the monetary deposits made in the ArmSSR Republican Bank of the USSR Savings Bank before tenth of June 1993;

(28) the amounts paid to natural persons for taking the immovable property belonging to them for state or community needs as prescribed by the Law of the Republic of Armenia “On alienation of property for ensuring overriding public interests”, as well as to natural persons registered (record-registered) in that property;

(29) the insurance premiums made by employers for the health insurance of their employees, in the amount of up to AMD 10 000 for each hired employee for each month of receiving income;

(30) in case of delaying the refund of the amounts on the single account or the single account for administrative acts for more than 30 days from the term prescribed by Article 327 of the Code — the fines accrued in favour of a natural person for each delayed day following that term;

(31) the incomes derived from the activity of carrying out passenger transportations through one taxi motor vehicle by the natural persons, as well as non-regular passenger transportation by light passenger motor vehicle by the natural persons, prescribed by the Law of the Republic of Armenia “On automobile transport”;

(32) the positive difference of the income calculated for the profit taxpayers according to points 1 and/or 2 of Article 109 of the Code and the actual compensation amount (without VAT) or the rental (without VAT);

(33) the monetary and in-kind (non-monetary) incomes received by natural persons at the expense of the representation expenses prescribed by Article 116 of the Code and the expenses for providing assistance and food to natural persons, as well as organising social and cultural events therefor and other similar expenses prescribed by Article 120 of the Code, within the limits of the amounts prescribed by Articles 116 and 120 respectively;

(34) the compensation amounts received from the entity having an electric energy distribution license of an autonomous energy producer using renewable energy resources, as well as the

compensations received in the form of electric energy for the electric energy supplied to the entity having an electric energy distribution license by an autonomous energy producer using renewable energy resources in case of equal reciprocal flows;

(35) the incomes of natural persons, manufacturing agricultural products, derived from the supply of agricultural products, according to Article 148 of the Code;

(36) the incomes derived from securities according to Article 149 of the Code;

(37) compensation amounts paid to beneficiaries on the basis of the law of the Republic of Armenia "On compensation for the damages caused to life or health of the servicemen while defending the Republic of Armenia";

(38) incomes derived from alienation of land (irrespective of the designated purpose of the land);

(39) incomes derived in respect of the gold and precious stones alienated to the tax agent carrying out activities of purchase and sale of precious metals, items made from precious metals or precious stones through stalls or points of sale in trading venues (gold markets);

(40) incomes of the natural person as a result of pardoning the amounts of the credit given by resident organisation banks or credit organisations to a natural person having died, having been declared as a person with disabilities or missing as a result of the military operations carried out during the period of martial law, his or her spouse, child jointly residing with him or her or a parent jointly residing with him or her, irrespective of provisions of point 19 of this part.

(41) income derived from an organisation considered a VAT payer and having a trade-in license for purchase of a motor vehicle (including agricultural machinery) as a result of alienation of a motor vehicle (including agricultural machinery) belonging thereto by the right of ownership, except for the cases, where income is generated from alienation of a motor vehicle (including agricultural machinery) which is subsequently submitted to state registration to be exploited by the organisation having a trade-in license for purchase of a motor vehicle (including agricultural machinery);

(42) income received from banks and credit organisations due to alienation of the property belonging thereto by the right of ownership, where the given property is further provided for leasing (types thereof) to natural persons who are not individual entrepreneurs and notaries by the same bank or credit organisation.

(Article 147 amended by HO-264-N of 13 December 2017, edited, amended and supplemented by HO-266-N of 21 December 2017, edited and amended by HO-338-N of 21 June 2018, edited and supplemented by HO-68-N of 25 June 2019, supplemented by HO-258-N of 6 May 2020, HO-462-N of 21 October 2020, HO-224-N of 27 May 2021, edited by HO-360-N of 17 November 2021, amended by HO-121-N of 4 May 2022, supplemented and amended by HO-538-N of 7 December 2022, edited by HO-595-N of 23 December 2022, supplemented by HO-120-N of 22 March 2023, HO-204-N of 14 June 2023, edited by HO-395-N of 8 December 2023, amended by HO-353-N of 2 October 2024, HO-420-N of 24 October 2024, supplemented by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-258-N of 6 May 2020 has a transitional provision)

(Law HO-462-N of 21 October 2020 has a transitional provision)

(Law HO-360-N of 17 November 2021 has a transitional provision)

(Law HO-121-N of 4 May 2022 has a transitional provision)

(Law HO-538-N of 7 December 2022 has a final part and a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law “On regulation of gambling activities” is put into full effect)

Article 147.1 Social expenses

1. Social expenses shall be the expenses with regard to healthcare, education and housing of a natural person for himself or herself and the members of the family thereof, substantiated by the settlement documents prescribed by points 1-4 of part 2 of Article 55 of the Code.

2. The separate directions of the types of social expenses prescribed by this Article, the scope of the family members and the maximum amounts of compensation shall be established by the Government.

(Article 147.1 supplemented by HO-593-N of 23 December 2022)

(Law HO-593-N of 23 December 2022 has a transitional provision)

Article 148. Incomes derived from supply of agricultural products

1. For the purpose of determining the tax base, the incomes derived from the sales of agricultural products — prescribed by point 1 of part 1 of Article 126 of the Code — by natural persons engaged in the manufacturing of agricultural products shall also be considered deducted incomes.

Article 149. Incomes derived from securities

1. For the purpose of determining the tax base, the following shall be considered deducted incomes unless otherwise prescribed by this Article:

(1) the interest received from treasury bonds, other state securities and bonds issued by the Panarmenian Bank, discount received during the repayment and/or the income generated from alienation, exchange with other securities or other similar transactions;

(2) the income generated from the participation in the organisation’s authorised or share capital (stock, share, unit) or generated from the alienation of other securities proving investment, exchange with other securities or other similar transactions;

(3) the income derived from the securities proving the participation in the investment funds (including their alienation, exchange, other similar transactions, as well as transactions performed at the expense of the assets of the contractual investment fund);

(4) the income derived from stocks, bonds listed in stock exchange functioning in the Republic of Armenia or from other securities proving the investment, except for the bonds issued by banks, the time period from the moment of placement up to the moment of repayment of which is less than two years.

2. For the purpose of determining the tax base, the incomes prescribed by part 1 of this Article shall not be considered deducted incomes (are not deducted from the gross income) where:

(1) they are received from the alienation of a promissory note, bill of exchange or other payment security issued as a means of payment;

(2) they are received as a compensation for supply of goods, performance of works and/or provision of services or substitute that compensation regardless of the fact of real investment or loan for the security;

(3) they are received from the alienation of the participation (stock, share, unit) in the authorised or share capital through building, apartment, private house or other construction (including unfinished (semi-constructed)) or other securities proving investment, where that alienation is carried out within the tax year or within three tax years following it that includes the day of acquiring that participation (stock, share, unit) in the authorised or share capital;

(4) they are received as a dividend, except for dividends received from the stocks listed in the stock exchange functioning in the Republic of Armenia.

(Article 149 amended by HO-338-N of 21 June 2018, supplemented by HO-82-N of 24 January 2020)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-82-N of 24 January 2020 has a transitional provision)

Article 150. Income tax rates

1. Unless otherwise prescribed by parts 1.1-15 of this Article, the income tax in respect of the tax base shall be calculated at the following rates:

Period	Income tax rate
from 1 January 2020	23 percent
from 1 January 2021	22 percent
from 1 January 2022	21 percent
from 1 January 2023	20 percent".

1.1. The tax agent shall calculate the income tax on the salary and other equivalent payments paid to the staff (except for foreign citizens having no right of residence (residence status) in the Republic of Armenia and stateless natural persons) engaged in occupations included in the list of professional works of the high technologies sector defined by the Government that are engaged in the scientific research and experimental development works that meet the criteria defined by the Government and have received the positive opinion of the professional commission provided for by point 4 of part 2 of Article 121 of the Code at the rate of 10 percent.

1.2.

Where the positive opinion delivered by the professional commission defined by point 4 of part 2 of Article 121 of the Code is revoked, the tax liabilities shall be re-calculated taking as a basis the general regulations prescribed by the Code.

2. ***(part 2 repealed by HO-338-N of 21 June 2018)***

3. According to the legislation of the Republic of Armenia, where a natural person receives in the cases prescribed by the legislation the amounts accrued within the voluntary pension component in lump sum, the income tax on those amounts is calculated at the rate prescribed by point 1 of part 1 of this Article without considering the deductions prescribed by Article 147 of the Code.

4. According to the legislation of the Republic of Armenia, the income tax on the pensions received in the prescribed manner at the expense of the voluntary pension fees made by natural persons for themselves and/or by a third person (including employer) for a natural person within the framework of the voluntary pension component shall be calculated at a 10 percent rate without considering the deductions prescribed by Article 147 of the Code.

5. The income tax on interests (except for the cases prescribed by part 5.1 of this Article) shall be calculated at a rate prescribed by part 1 of this Article, considering the deductions prescribed by Article 149 of the Code.

5.1 The income tax on interests received for the bank deposit and the debt securities offered to the public through public offer or permitted for trading on the regulated market shall be calculated at a 10 percent rate considering the deductions prescribed by Article 149 of the Code.

6. The income tax on royalties shall be calculated at a 10 percent rate.

7. The income tax on rentals shall be calculated at a 10 percent rate, whereas in case the sum total of the rentals received during the tax year exceeds AMD 60 million, a natural person shall calculate an additional income tax at a 10 percent rate for the exceeding part.

8. The income tax on dividends shall be calculated at a five percent rate, taking into account the deductions prescribed by Article 149 of the Code.

9. The income tax on the total incomes received as a result of the alienation of the property (except for the cases prescribed by part 11 of this Article) shall be calculated at a 10 percent rate.

10. ***(part repealed by HO-595-N of 23 December 2022)***

11. The income tax on the incomes received from the alienation of a building, its apartments or other premises by a constructor shall be calculated at a 20 percent rate.

12. Within the meaning of this Article, the investment of the property in the authorised or share capital of the organisation or in the contractual investment fund shall not be deemed to be an alienation of the property.

13. Where the settlement documents prescribed by points 1-4 of part 2 of Article 55 of the Code with respect to the incomes paid by a tax agent to taxpayers are not available, the income tax on those incomes shall be calculated at a 20 percent rate, without considering the deductions prescribed by Article 147 of the Code, except for the cases prescribed by paragraph two of this part. The income tax in the amount prescribed by this part shall not be calculated where in the absence of the settlement documents prescribed by points 1-4 of part 2 of Article 55 of the Code, documents other than those considered settlement documents, drawn up in the manner prescribed by the legislation, in respect of the paid incomes and substantiating the incomes being paid are available, which indicate the Taxpayer's identification number (if available), the name, surname, address of the place of residence, serial number and/or number of the passport (or other identification document) of the natural person supplying goods, performing work and/or providing service.

The income tax against the amounts of monetary and in-kind (non-monetary) incomes — derived by natural persons at the cost of the representation expenses prescribed by Article 116 of the Code and those for providing assistance and food to natural persons, organising social and cultural events therefor and other similar expenses prescribed by point 2 of part 1 of Article 120 of the Code — exceeding the amounts prescribed by Article 116 and point 2 of part 1 of Article 120 of the Code respectively, shall be calculated at the rate prescribed by this part and shall be included in the income tax calculation report submitted to the tax authority for the month of April of the year following that tax year, and in case of liquidation of a tax agent (removal from record-registration or dismissal of a notary) — in the income tax calculation report submitted to the tax authority for the month including the day of liquidation (removal from record-registration or dismissal of the notary).

14. In case of failure by the tax agents to pay the passive incomes to natural persons not deemed individual entrepreneurs or a notaries during the 12 months following the tax year of acquisition of the right to receive those income, the income tax against them shall be calculated at a 20 percent rate and be included in the income tax calculation submitted to the tax authority for the twelfth month. The provisions of this part shall not apply to the interests paid for the bank deposit and debt securities offered to the public through public offer or permitted for trading on the regulated market.

14.1. In case of failure by natural persons who are not individual entrepreneurs and notaries to receive the passive incomes received from the person who is not a tax agent during the 12 months following the tax year of acquisition of the right to receive them, those incomes shall be included in the object taxable by income tax of the tax year following the tax year of acquisition of the right to receive those incomes, at the relevant rate prescribed by this Article.

15. In the cases prescribed by point 3 of part 2 of Article 149 of the Code, the income tax on the incomes received from the alienation of the participation (stock, share, unit) in the authorised or share capital through building, apartment, private house or other construction (including unfinished (semi-constructed)) or other securities proving investment shall be calculated at a 10 percent rate.

16.

17.

18.

(Article 150 amended, supplemented and edited by HO-266-N of 21 December 2017, HO-338-N of 21 June 2018, amended and edited by HO-68-N of 25 June 2019, supplemented by HO-82-N of 24 January 2020, edited and supplemented by HO-92-N of 12 April 2022, amended by HO-595-N of 23 December 2022, amended, supplemented by HO-499-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-82-N of 24 January 2020 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law “On regulation of gambling activities” is put into full effect)

(Article as amended by Law HO-499-N of 4 December 2024 shall enter into force on 1 January 2025 and shall be effective until 31 December 2031, according to part 1 of Article 8 of the same Law)

(Law HO-499-N of 4 December 2024 has a transitional provision)

CHAPTER 28

CALCULATION OF INCOME TAX

Article 151. Reporting period

1. In cases prescribed by Article 152 of the Code where the tax agent calculates, withholds and pays the income tax to the State Budget, every reporting month shall be considered a reporting period for the calculation and payment of income tax.

2. According to the provisions of the international treaties signed and ratified on behalf of the Republic of Armenia, in cases where the payer of the income is exempt from the obligation of a tax agent, every reporting month shall be considered a reporting period for the calculation and payment of income tax with respect to the salary and other fees equivalent thereto, as well as the incomes for the works performed and/or services provided within the framework of civil law contracts.

3. In the cases not referred to in parts 1 and 2 of this Article, every reporting year shall be considered a reporting period for the calculation and payment of income tax from the tax base received during the reporting year.

Article 152. Calculation and withholding of income tax by a tax agent

1. The income tax on the incomes of natural persons shall be calculated and withheld by a tax agent based on the rates prescribed by Article 150 of the Code, unless otherwise prescribed by Article 153 of the Code.

2. The amounts of income tax on the incomes of natural persons not withheld on time or underwithheld by a tax agent, can, in the manner prescribed by the legislation of the Republic of

Armenia, be withheld (levied) from natural persons for not more than the last three months, whereas the amounts withheld (levied) in excess of the prescribed amount of income tax are shall be offset at the expense of the further withholdings (levying) or refunded within a month from the day that fact became known, for not more than the last three months.

3. In the cases prescribed by the Government, the tax agents shall make a recalculation of the income tax being calculated and withheld in cases of recalculating the income tax base as prescribed by the legislation.

(Article 152 amended by HO-261-N of 23 March 2018)

Article 153. Cases of exempting the tax agent from the obligation to calculate and withhold the income tax

1. According to part 1 of Article 152 of the Code, the tax agents shall be exempt from the obligation to calculate and withhold the income tax on the incomes of natural persons, where:

(1) according to the provisions of the international treaties signed and ratified on behalf of the Republic of Armenia, the income payer is exempt from the obligation of a tax agent;

(2) the incomes paid to the natural persons relate to the material prizes received in competitions;

(3) in the cases prescribed by point 3 of part 2 of Article 149 of the Code, natural persons are paid the incomes derived from the alienation of the participation (stock, share, unit) in the authorised or share capital through a building, apartment, private house or other construction (including unfinished (semi-constructed) or other securities proving investment.

(4)

(Article 153 amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Article as amended by HO-269-N of 12 June 2024 shall enter into force on the day the Law “On regulation of gambling activities” is put into full effect)

Article 154. Procedure for calculation of the income tax amount subject to payment to State Budget

1. Based on the results of the reporting period, the tax agents shall pay to the State Budget the positive difference of the income tax amounts calculated at the rates prescribed by Article 150 of the Code against the tax base of that period and of the sum totals of the temporary incapacity and maternity benefits prescribed by the Law of the Republic of Armenia “On temporary incapacity and maternity benefits” and actually paid at the expense of the State Budget of the Republic of Armenia in the given reporting period. The benefits prescribed by this part shall be deemed deducted from the income tax amounts calculated against the tax base of the reporting period starting from the twentieth day of the month following the reporting period of deduction. The income tax amounts calculated against the tax base of the reporting period shall also include the income tax amounts calculated in the cases prescribed by part 14 of Article 150 of the Code — as a tax base of the twelfth month following the tax year of acquiring the right to receive the income.

2. Natural persons (in case of minor natural persons, the parent or the guardian or the curator) shall, based on the results of the relevant reporting period prescribed by parts 2 and/or 3 of Article 151 of the Code, pay to the State Budget the income tax amounts calculated against the tax base of that period at the rate prescribed by Article 150 of the Code.

(Article 154 amended by HO-92-N of 12 April 2022)

(Article as amended by Article 2 of HO-92-N of 12 April 2022 shall enter into force on 1 January 2023)

Article 155. Procedure for calculating the income tax amount subject to compensation from the State Budget

1. The income tax amounts tax subject to compensation to the tax agents from the State Budget based on the results of the reporting period shall be calculated as a negative difference of the income tax amounts calculated against the tax base of that period at the rate prescribed by Article 150 of the Code and of the sum totals of the temporary incapacity and maternity benefits prescribed by the Law of the Republic of Armenia “On temporary incapacity and maternity benefits” and actually paid at the expense of the State Budget of the Republic of Armenia in the given reporting period.

Article 156. Submission of income tax calculation reports and other documents

1. The tax agents shall prior to and including the twentieth day of the month following each month submit to the tax authority the calculation report of income tax as prescribed by Article 53 of the Code, which shall include personal information on the incomes of natural persons (except for natural persons who receive only passive incomes, as well as foreign nationals having no right of residence (residence status) in the Republic of Armenia and stateless natural persons) receiving incomes from the tax agents, the income tax calculated and withheld from those incomes, as well as calculated and withheld social fees in case of natural persons making social fees, except for cases prescribed by part 3 of this Article. The calculation report of the income tax shall also include summary data on the passive incomes of natural persons receiving exclusively passive incomes from the given tax agent during the reporting period and the incomes of foreign nationals having no right of residence (residence status) in the Republic of Armenia or stateless natural persons, as well as the incomes calculated and withheld from those incomes.

2. After hiring a new employee (except for foreign nationals having no right of residence (residence status) in the Republic of Armenia and stateless natural persons), but not later than until the end of the day preceding the day of actually starting the work by the given employee, and in case of actually starting the work on the day of recruitment—until 14:00 of the day of recruitment, the tax agents in the manner prescribed by Article 53 of the Code shall submit to the tax authority an application for the new employee’s registration, which shall include personal information (name, surname, patronymic, place of residence (record-registration), public service number (social card number), as well as other information prescribed by law), except for cases prescribed by part 3 of this Article.

2.1. The tax agents shall, in accordance with regulations prescribed by part 2 of this Article, submit to the tax authority an application for the registration of an intern and a student undergoing professional training in the manner prescribed by the Labour Code of the Republic of Armenia, which contains information defined by Law.

3. If the personal information to be included in the application for the registration of the new employee and/or in the income tax calculation report is prescribed by the legislation as information of limited use, the application for the registration of the given person and/or the income tax calculation report shall be submitted to the tax authority in the manner prescribed by the Government.

3.1. Information prescribed by legislation as information of limited use shall not be completed in the annual calculation reports (statements) of the income tax.

4. Natural persons (in case of minor natural persons, the parent or the guardian or the curator) shall

(1) prior to and including the twentieth day of the month following each reporting period submit to the tax authority simplified calculation reports of the income tax as prescribed by Article 53 of the Code in respect of the incomes prescribed by part 2 of Article 151 of the Code;

(2) prior to and including the first of May of the tax year following each reporting period submit to the tax authority annual calculation reports (statements) of the income tax as prescribed by Article 53 of the Code in respect of the incomes prescribed by part 3 of Article 151 of the Code.

4.1. Citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia (except for natural persons who are considered to be minors as of 31 December of the reporting year), who do not submit annual calculation reports (statements) in the manner prescribed by point 2 of part 4 of this Article shall submit to the tax authority annual calculation reports (statements) of the income tax as prescribed by Article 53 of the Code, prior to and including the 1 May of the tax year following each reporting period.

Natural persons shall submit the annual calculation reports (statements) of the income tax prescribed by this part within the following time limits:

(1) for the reporting year of 2023:

a. citizens of the Republic of Armenia holding public service, community service and/or public positions prescribed by the Law of the Republic of Armenia "On public service" as of 31 December 2023;

b. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia who, as of 31 December 2023, are deemed (have been deemed) to be participants (shareholders, equity holders, members) of a commercial organisation which is a resident of the Republic of Armenia and has declared gross income of AMD one billion or more based on the results of 2022;

c. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia who are deemed to be real beneficiaries as defined by the Law of the Republic of Armenia "On combating money laundering and terrorism financing";

d. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia having received borrowing in the amount of AMD 20 million or more during 2023;

(2) for the reporting year of 2024:

a. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia having been deemed hired employees during 2024, not mentioned in point 1 of this paragraph;

b. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia having received taxable income within the scope of the civil law contracts during 2024, not mentioned in point 1 of this paragraph;

c. citizens of the Republic of Armenia holding public service, community service and/or public positions prescribed by the Law of the Republic of Armenia "On public service" as of 31 December 2024;

d. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia who, as of 31 December 2024, are deemed (have been deemed) to be participants (shareholders, equity holders, members) of a commercial organisation which is a resident of the Republic of Armenia and has declared gross income of AMD one billion or more based on the results of 2023;

e. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia who are deemed to be real beneficiaries prescribed by the Law of the Republic of Armenia "On combating money laundering and terrorism financing";

f. citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia having received borrowing in the amount of AMD 20 million or more during 2024;

g. natural persons mentioned in point 1 of this paragraph;

(3) for the reporting year of 2025 and the years following it — citizens of the Republic of Armenia deemed to be residents of the Republic of Armenia.

Irrespective of regulations prescribed by points 1 and 2 of this part, those persons information with regard to whom is defined by the legislation as information of limited use in terms of taxable incomes deemed to be information subject to limited use, shall not submit an annual report (statement) of the income tax for the reporting years of 2023 and 2024.

5. The tax agents shall, as prescribed by Article 53 of the Code, submit to the tax authority personal information on the natural persons, who received only passive incomes during the previous tax year, as well as personal information on foreign nationals or stateless persons having no right to reside within the Republic of Armenia (no residence permit), their incomes and the income tax calculated and withheld from those incomes, except for the information containing bank or insurance secret, prior to and including the first of May of the tax year following each tax year.

6. Resident financial institutions having obtained state registration (record-registered) in the Republic of Armenia and non-resident financial institutions prescribed by Chapter 80.2 of the Code that are record-registered in the Republic of Armenia and have a permanent establishment shall — as prescribed by Article 53 of the Code — submit the information prescribed by Article 443.4 of the Code before 10 May inclusive of the tax year following each tax year.

(Article 156 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, amended by HO-92-N of 12 April 2022, supplemented and amended by HO-593-N of 23 December 2022, supplemented by HO-161-N of 3 May 2023, HO-338-N of 10 September 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-593-N of 23 December 2022 has a transitional provision)

(Law HO-338-N of 10 September 2024 has a final part and transitional provisions)

Article 157. Issuance of statements of information on income tax

1. Tax agents shall upon the request of natural persons be obliged to draw up and issue them statements of information on the incomes calculated and paid for them, withheld income tax amounts, as well as social fees made for the employee by the employer. The form of the statement of information prescribed by this part, as well as the procedure for the completion and issuance thereof shall be prescribed by the tax authority.

CHAPTER 29

PROCEDURE FOR PAYING INCOME TAX AMOUNT AND CREDITING IT TO SINGLE ACCOUNT

Article 158. Payment of income tax amount and compensation (refunding) of social expenses

(title supplemented by HO-593-N of 23 December 2022)

1. Tax agents shall pay to the State Budget the income tax amounts, calculated as prescribed by part 1 of Article 154 of Code, subject to payment to the State Budget, prior to and including the twentieth day of the month following the reporting period.

2. Natural persons (in case of minor natural persons, the parent or guardian or curator) shall pay to the State Budget the income tax amounts, calculated as prescribed by part 2 of Article 154 of the Code, subject to payment to the State Budget:

(1) in the case prescribed by part 2 of Article 151 of the Code, prior to and including the twentieth day of the month following the reporting period;

(2) in the case prescribed by part 3 of Article 151 of the Code, prior to and including 1 May of the tax year following the reporting period.

3. During the tax year, social expenses of a natural person prescribed by Article 147.1 of the Code shall be compensated (refunded) from the amount of income tax calculated and/or paid (including by the tax agent) at the rates prescribed by Article 150 of the Code against the tax base prescribed by Article 143 of the Code, as prescribed by the Government.

(Article 158 amended by HO-92-N of 12 April 2022, supplemented by HO-593-N of 23 December 2022, amended by HO-120-N of 22 March 2023)

(Law HO-593-N of 23 December 2022 has a transitional provision)

(Law HO-120-N of 22 March 2023 has a final part and transitional provisions)

Article 159. Refunding income tax amount and crediting it to single account

1. Refund of income tax amount subject to compensation from the State Budget, prescribed by Article 155 of the Code, shall be carried out in the manner and within the time limits prescribed by the Law of the Republic of Armenia “On temporary disability and maternity benefits”.

2. The income tax amounts paid in excess of the amounts prescribed by the Code shall be credited to the single account in the manner and within the time limits prescribed by the part of the Code with regard to tax administration.

3. The interest amounts paid for servicing of a mortgage loan, received by a hired worker for the purpose of acquiring an apartment or building an individual residential house shall be compensated as prescribed by Article 160 of the Code.

3.1. The tuition fees of employees studying in (student of) a masters course, PhD course and permanent appointment in a higher education institution accredited in the Republic of Armenia with specialisations approved by the Government, shall be reimbursed after the end of the academic year in accordance with the procedure prescribed by Article 160.1 of this Code.

4. In case of investing, as prescribed by legislation, of the income received as dividends in the authorised capital or share capital of the same dividend-paying organisation resident in the Republic of Armenia during the tax year when they were received, the invested amount — in proportion to the investment-but not more than the tax amounts paid to the State Budget from the dividends shall be compensated from the State Budget as prescribed by the Government, taking into consideration the restriction prescribed by this part.

No refund prescribed by this part shall be provided from the State Budget, where the resident organisation of the Republic of Armenia that pays dividends has committed — within the tax year covering the date of submitting to the tax authority the application for refund of the income tax paid from dividends distributed from the profit generated by the results of activities carried out during the reporting period following 1 January 2025 and/or during the previous tax year — the following established by the inspection or other administrative act that has become unappealable:

(1) violation of one of the requirements of Articles 408 or 410 or 415 of the Code:

(2) violation of the requirements of Article 412 of the Code for two or more times;

(3) violation of the requirements of Article 416 of the Code for three or more times.

The fact that the inspection or other administrative act remains in force after appealing the inspection or other administrative act concerning the violations referred to in the second paragraph of this part through administrative or judicial procedure shall not be a ground for returning the income tax amounts refunded on the basis of applications provided for by this part to the State Budget.

(Article 159 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-138-N of 6 March 2020, edited by HO-229-N of 22 May 2024)

(Law HO-138-N of 6 March 2020 has a transitional provision)

(Law HO-229-N of 22 May 2024 has a transitional provision)

Article 160. Refund of interest amounts paid for the servicing of mortgage loan received by a natural person acting as a hired employee, for the purpose of acquiring an apartment or an individual residential house or building an individual residential house from income tax amounts

(title edited by HO-266-N of 21 December 2017)

1. The income tax calculated in the manner prescribed by the Code (including through a tax agent) with respect to the salary of the natural person acting as a hired employee and fees equivalent thereto shall be refunded in the amount of interest payments made for the servicing of the mortgage loan, received by the natural person acting as a hired employee from a financial organisation resident in the Republ ic of Armenia after 1 January 2018 for the purpose of acquiring an apartment in the block of flats constructed or under construction in the territory of the Republic of Armenia immediately from the person carrying out development , as well as from the State or the community within the scope of a housing programme implemented by the State and/or the community or for the purpose of acquiring an individual residential house immediately from the developer who is an organisation or an individual entrepreneur in the territory of the Republic of Armenia or building an individual residential house in the territory of the Republic of Armenia and aimed actually at acquiring an apartment or an individual residential house or building an individual residential house, taking into account the restrictions prescribed by part 2 of this Article.

2. As prescribed by part 1 of this Article:

(1) the income tax subject to refund in the amount of interest payments made by the natural person acting as a hired employee, for the servicing of the mortgage loan received from a financial organisation resident in the Republic of Armenia after 1 January 2018 and actually aimed at acquiring an apartment from the person carrying out the development, the State or the community, or acquiring an individual residential house from the person carrying out the development who is an organisation or an individual entrepreneur, shall not be refunded to the natural persons acting as hired employees, if the contractual value of the transaction on acquiring an apartment or an individual residential house exceeds AMD 55 million;

(2) the total sum of the income tax subject to refund to the borrower and, if available, to the co-borrowers of the mortgage loan in the amount of interest payments made for servicing of the mortgage loan, received from a financial organisation resident in the Republic of Armenia after 1 January 2018 and actually aimed at acquiring an apartment from the person carrying out the development, the State or the community or acquiring an individual residential house from the person carrying out the development acting as an organisation or an individual entrepreneur or building an individual residential house, may not exceed AMD 1.5 million for each quarter, unless otherwise provided for by point 2.1 of this part;

(2.1) the total sum of the income tax subject to refund to the borrower and, if available, to the co-borrowers of the mortgage loan in the amount of interest payments made for servicing the mortgage loan, received from a resident financial organisation in the Republic of Armenia after 1 January 2025 and actually aimed at acquiring an apartment from the developer, the State or the community or acquiring an individual residential house from the developer that is an organisation or an individual entrepreneur, or building an individual residential house, may not exceed AMD 750 000 for each quarter;

(3) after 1 January 2018 borrower and co-borrower natural persons may at their choice benefit from the possibility of refund of the income tax in the amount of interest payments made by the natural person acting as a hired employee for servicing of the mortgage loan only with respect to one mortgage contract;

(4) income tax in the amount of interest payments by a natural person being a hired employee, for servicing a mortgage loan:

a. shall not be refunded with respect to mortgage loans received after 1 July 2022, where the immovable property defined by part 1 of this Article is located, built or will be built in the first valuation zone (location) of constructions included in the administrative area of the city of Yerevan, as defined by the Government decision;

b. shall not be refunded with respect to mortgage loans received after 1 January 2023, where the immovable property defined by part 1 of this Article is located or is built or will be built in the second valuation zone (location) of constructions included in the administrative area of the city of Yerevan, as defined by the Government decision;

c. shall not be refunded with respect to mortgage loans received after 1 July 2023, where the immovable property defined by part 1 of this Article is located or built or will be built in the third valuation zone (location) of constructions included in the administrative area of the city of Yerevan, as defined by the Government decision;

d. shall not be refunded with respect to mortgage loans received after 1 January 2025, where the

immovable property defined by part 1 of this Article is located or built or will be built in the zones not indicated in sub-points “a”, “b” and “c” of this point, as defined by the Government decision;

e. shall not be refunded with respect to the mortgage loans received after 1 January 2027, where the immovable property prescribed by part 1 of this Article is located or built or will be built in administrative territories of Aragatsotn, Ararat, Armavir and Kotayk Marzes, except for the immovable property located or built in the border settlements included in the list approved by the Government;

f. shall not be refunded with respect to the mortgage loans received after 1 January 2029, where the immovable property prescribed by part 1 of this Article is located or built or will be built in the administrative territories of the Marzes not referred to in sub-point “e” of this point, except for the immovable property located or built in the border settlements included in the list approved by the Government.

3. The amounts prescribed by this Article shall:

(1) be subject to refund to natural persons acting as hired employees on a quarterly basis;

(2) be subject to refund to natural persons acting as hired employees fulfilling tax liabilities through a tax agent where the tax agent has completely fulfilled the tax liability declared in the income tax calculation report with respect to the salary and fees equivalent thereto, as submitted to the tax authority for all the months of the given quarter;

(3) be subject to refund to natural persons acting as hired employees who have no tax agent, where the hired employee has completely fulfilled the tax liability declared in the income tax simplified calculation report with respect to the salary and fees equivalent thereto, as submitted to the tax authority for all the months of the given quarter.

4. While determining the maximum amounts subject to refund to natural persons acting as hired employees, from the amounts prescribed by this Article, the quarters of the tax year shall be considered separately.

5. After refund of the amounts prescribed by this Article, in case of change of income tax liability declared in the calculation report of income tax previously submitted to the tax authority with respect to the salary and fees equivalent thereto of the natural person being a hired employee on the basis of verified (simplified) calculation report of income tax submitted to the tax authority for the months of the relevant quarter or as a result of inspection or based on court decision or based on the decision of appeals commission, a recalculation of the income tax amount refundable (refunded) to the given natural person shall be carried out pursuant to this Article, in accordance with the procedure prescribed by the Government.

6. The Government shall define the procedure for the refund of income tax amounts to natural persons acting as hired employees prescribed by this Article.

7. For the purposes of this Article, the authorised body of the Government keeps a register of blocks of flats, individual residential houses constructed and under construction, as well as provide information to the tax authority as prescribed by the Government.

8. The regulations prescribed by this Article shall also apply to the amounts of interest payments for servicing a mortgage loan received after 1 January 2018 by a natural person being a hired employee from a financial organisation which is considered as resident in the Republic of Armenia for the purpose to acquire an apartment on the basis of the contract on acquisition of apartment development right concluded with the developer of the blocks of flats and having received state registration during the period between 1 January 2018 and 1 July 2021, as well as for the purpose to acquire an individual residential house on the basis of the contract on acquisition of individual residential house development right concluded with the developer who is an organisation or an individual entrepreneur and has received state registration during the same period.

9. The interest amounts paid for servicing a mortgage loan for the purpose of acquiring from a natural person who is a party to a contract on acquisition of apartment or individual residential house development right concluded with the developer of blocks of flats or individual residential house shall not be subject to refund as prescribed by this Article.

(Article 160 edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, amended, supplemented, edited by HO-360-N of 17 November 2021, supplemented by HO-291-N of 12 June 2024)

(Law HO-360-N of 17 November 2021 has a transitional provision)

Article 160.1 Refund of the amounts of tuition fee paid by a natural person employees, for the purpose of reimbursement of the tuition fee from paid income tax amounts

1. For the purpose of reimbursement of the tuition fee, the income tax calculated in the manner prescribed by the Code (including through a tax agent) with respect to the salary of the natural person acting as a hired employee and fees equivalent thereto shall be refunded in the amount of

the income tax calculated with respect to the salary of the natural person and fees equivalent thereto during one year, but not more than the amount paid for the education of a person studying in (student of) a masters course, PhD course and permanent appointment in a higher education institution accredited in the Republic of Armenia with specialisations approved by the Government.

2. During the same reporting period for the calculation and payment of the income tax, a resident natural person having the right to simultaneously enjoy the privileges prescribed by this Article and Article 160 of the Code may enjoy only one of them.

3. The following people may enjoy the right to reimbursement prescribed by this Law:

(1) citizens of the Republic of Armenia;

(2) a studying (a student) natural person employee may enjoy the mentioned right for getting only one specialisation.

4. Points 2, 3 of part 3 and the part 5 of Article 160 of the Code shall be applicable to this Article.

5. The procedure for the refund of the income tax amounts for the purpose of reimbursement of the tuition fee of natural person employees prescribed by this Article shall be defined by the Government.

(Article 160.1 supplemented by HO-138-N of 6 March 2020)

(Law HO-138-N of 6 March 2020 has a transitional provision)

SECTION 8

ENVIRONMENTAL TAX

CHAPTER 30

ENVIRONMENTAL TAX, TAXPAYERS AND AUTHORISED BODIES

Article 161. Environmental tax

1. Environmental tax shall be the tax paid to the State Budget in accordance with this Section for the purpose of generating monetary funds necessary for undertaking environmental measures.

Article 162. Environmental taxpayers

1. Organisations and natural persons, referred to in this Article, performing activities and/or functions considered taxable objects prescribed by Article 164 of the Code shall be deemed to be environmental taxpayers.

2. Payers of environmental tax for the emission of harmful substances into the atmospheric air shall be deemed to be:

(1) those emitting harmful substances into the atmospheric air from stationary sources of emission;

(2) in case of those emitting harmful substances into the atmospheric air from mobile sources of emission:

a. owners of motor vehicles, other self-propelled vehicles and mechanisms, as well as water vehicles, registered (record-registered) and operated in the Republic of Armenia, or their authorised persons (representatives);

b. owners of motor vehicles, not registered (not record-registered) in the Republic of Armenia and entering the Republic of Armenia, or their authorised persons (representatives).

3. Payers of environmental tax for leakages of harmful substances and/ or compounds into the water resources shall be deemed those responsible for leakages (except for domestic utilities-water leakages) into the water resources directly and/or centralised water drainage networks and other water systems.

4. In specifically designated areas (waste allocation sites, landfills, waste deposits, refuse dumps, complexes, constructions, industrial sites, tailing storage facilities, industrial waste dumps, overburden rock sites):

(1) payers of environmental tax for placing or storing subsoil management wastes shall be deemed to be those generating such wastes;

(2) payers of environmental tax for storing industrial and/or consumption wastes shall be deemed

to be those generating such wastes;

(3) payers of environmental tax for placing industrial and/or consumption wastes shall be deemed to be those generating or placing such wastes, except for the cases referred to in point 4 of this part;

(4) payers of environmental tax for placing domestic wastes generated by natural persons as a result of carrying out garbage disposal in accordance with the Law of the Republic of Armenia “On garbage disposal and sanitary purification” shall be deemed to be the operators performing garbage disposal and sanitary purification activities, in accordance with the same Law.

5. Payers of environmental for goods causing damage to the environment shall be deemed to be:

(1) those importing through the customs procedure “Release for domestic consumption” goods causing damage to the environment, as well as those importing goods, causing damage to the environment and having the status of EAEU product, from EAEU member states into the Republic of Armenia (hereinafter referred to in this Section as “importers”);

(2) those importing and alienating within the territory of the Republic of Armenia the imported goods which cause damage to the environment in accordance with point 1 of this part (hereinafter referred to in this Section as “importer-sellers”);

(3) those producing goods within the territory of the Republic of Armenia which cause damage to the environment, with respect to goods alienated within the territory of the Republic of Armenia, and the customer, with respect to goods alienated within the territory of the Republic of Armenia, for goods causing damage to the environment and produced within the territory of the Republic of Armenia from the raw material provided by the customer (hereinafter referred to in this Section as “producer-sellers”).

Article 163. Concepts used and authorised bodies

1. The concepts used in the Subsoil Code and the Water Code of the Republic of Armenia, the laws of the Republic of Armenia “On national water programme”, “On wastes”, “On preservation of atmospheric air”, “On motor roads”, “On transport”, “On motor transport” and “On ensuring road traffic safety” and legal acts adopted pursuant thereto shall be used in this Section in the sense and within the meaning of those legal acts, unless otherwise prescribed by this Section.

2. For the purposes of this Code, the concept “authorised body” prescribed by Article 4 of the Code shall have the following meaning:

(1) environmental authority — state administration body authorised in the sector of environment;

(2) environmental and subsoil use inspection authority — subdivision having administration and inspection powers, as prescribed by law, over observance and fulfilment of the requirements of environmental legislation.

(Article 163 amended by HO-266-N of 21 December 2017, HO-113-N of 4 March 2020)

CHAPTER 31

TAXABLE OBJECT, TAX BASE AND RATES OF ENVIROMENTAL TAX

Article 164. Environmental taxable objects

1. Environmental taxable objects shall be deemed to be:

(1) emission of harmful substances into the atmospheric air;

(2) leakage of harmful substances and/or compounds into water resources;

(3) subsoil management wastes, industrial wastes and/or wastes of consumption:

a. placement in specifically designated areas;

b. storing in specifically designated areas;

(4) in case of goods causing damage to the environment:

a. import into the territory of the Republic of Armenia;

b. alienation within the territory of the Republic of Armenia by importer-sellers and/or producer-sellers.

Article 165. Tax base of environmental tax

1. The value or physical value of the environmental taxable objects or the characteristics based on

which the environmental tax amount is calculated at the rates and in the manner prescribed by this Section shall be deemed to be the tax base of environmental tax.

2. The tax base of environmental tax with regard to emission of harmful substances into the atmospheric air from sources of emission shall be deemed to be:

(1) the actual volume of harmful substances emitted into the atmospheric air, in case of emission of harmful substances into the atmospheric air from stationary sources of emission;

(2) in case of emission of harmful substances into the atmospheric air from mobile sources of emission:

a. type of cargo vehicles registered (record-registered) and operated in the Republic of Armenia, according to groups;

b. engine power of motor vehicles (except for cargo vehicles), other self-propelled vehicles and mechanisms as well as water vehicles registered (record-registered) in the Republic of Armenia;

c. type and load capacity of motor vehicles, not registered (not record-registered) in the Republic of Armenia, entering the Republic of Armenia.

3. Tax base of environmental tax for leakage of harmful substances and compounds into water resources shall be deemed to be the actual volume of leakage of harmful substances and compounds into water resources directly and/or centralised water drainage networks and other water systems, the volume of leakages containing harmful substances and compounds not cleaned through a purification plant maintaining the given water drainage network, and where no purification plants are available or where they are out of order, the whole volume of leakages containing harmful substances and compounds.

4. In case of subsoil management wastes, industrial wastes and/or wastes of consumption:

(1) the volume of the placed wastes according to hazard degrees shall be deemed to be the tax base of environmental tax for placement in specifically designated areas;

(2) the volume of the stored wastes according to hazard degrees shall be deemed to be the tax base of environmental tax for storing in specifically designated areas.

5. The tax base of environmental tax for goods causing damage to the environment shall be deemed to be:

(1) in case of goods, imported into the territory of the Republic of Armenia, which cause damage to the environment:

a. for goods imported into the Republic of Armenia through customs procedure “Release for domestic consumption” and causing damage to the environment, the customs value of such goods;

b. for goods, having the status of EAEU product, which are imported into the Republic of Armenia from EAEU member states and cause damage to the environment, the tax base of VAT (without excise tax amount calculated for such goods as prescribed by Section 5 of the code) determined as prescribed by the Code;

(2) for alienation of goods, causing damage to the environment, by importer-sellers within the territory of the Republic of Armenia, the value of such goods expressed in monetary terms, excluding environmental tax, excise tax and VAT;

(3) for alienation of goods, causing damage to the environment, by producer-sellers within the territory of the Republic of Armenia, the value of goods expressed in monetary terms, excluding environmental tax, excise tax and VAT;

(4) in cases of alienation of goods, causing damage to the environment, by importer-sellers and/or producer-sellers without compensation or at a value significantly lower than the actual value for the purposes of part 6 of Article 62 of the Code, the tax base of VAT determined as prescribed by the Code, excluding excise tax and environmental tax amounts.

Article 166. Base limits of environmental taxation

1. The following tax base limits shall be prescribed for calculation of environmental tax and application of rates:

(1) for emission of harmful substances into the atmospheric air from stationary sources of emission, volumes of maximum permissible emissions of substances contaminating the atmospheric air from stationary sources determined in accordance with the Law of the Republic of Armenia “On preservation of atmospheric air”, except for the cases prescribed by point 2 of this part;

(2) volumes of maximum permissible emissions prescribed (provided) by temporary (for a term of up to 5 years) limits for emissions of harmful substances into the atmospheric air from stationary sources of emission, prescribed by the environmental authority based on the environmental action plan submitted by the environmental taxpayer;

(3) for emission of harmful substances into the atmospheric air from motor vehicles, not

registered (not record-registered) in the Republic of Armenia, entering the Republic of Armenia, maximum permissible levels of concentration of harmful substances (carbon oxide, hydrocarbons, smoke opacity) in gases exhausted by motor vehicles operated within the territory of the Republic of Armenia;

(4) in case of leakage of harmful substances and/or compounds into water resources directly and/or centralised water drainage networks and other water systems:

a. permissible volumes of wastewater flowing into water resources or catchment basins thereof, volumes of maximum permissible leakage of harmful substances and/or compounds into wastewater, provided for by water use permits granted in accordance with the Water Code of the Republic of Armenia;

b. volumes of maximum permissible leakage of harmful substances and/or compounds provided for by the rules for the use of water drainage systems and purification of drained water in accordance with the Water Code of the Republic of Armenia;

(5) for placing and storing wastes, volumes of waste placement set by the limits for waste placement provided (approved) pursuant to the Law of the Republic of Armenia “On wastes”. For the purposes of this point, withdrawal of wastes from industrial sites without documents drawn up as prescribed (waste passport, contract signed with objects of waste disposal) shall be regarded as exceeding the limit.

2. The base limits for calculation and application of the rates of environmental tax shall be deemed to be zero:

(1) in the cases prescribed by points 3 and 4 of part 2 of Article 9 of the Law of the Republic of Armenia “On preservation of atmospheric air”, in case of not having a permit for emissions of substances contaminating the atmospheric air from stationary sources of emission or in case the volumes of permissible emissions are not specified in the permits;

(2) in case of leakage of harmful substances and/or compounds into water resources directly and/or centralised water drainage networks and other water systems:

a. in case of not having a water use permit in accordance with the Water Code of the Republic of Armenia or in case the volumes of water use or permissible volumes of wastewater flowing into water resources or catchment basins thereof or the data on volumes of maximum permissible leakage of harmful substances and/or compounds in wastewater are not specified in the provided water use permits;

b. in accordance with the Water Code of the Republic of Armenia, in case volumes of maximum permissible leakage provided for by the rules for the use of water drainage systems and purification of drained water are not determined;

(3) in case of placing or storing wastes, as prescribed by the Law of the Republic of Armenia “On wastes”:

a. in case the limits for waste placement are not provided (approved);

b. in case of placing wastes in unauthorised refuse dumps or storing wastes in areas not designated for storing wastes, prescribed by law;

c. in case of failure to agree on waste passports, drawn up by waste producers, with the state administration body authorised in the sector of environment;

d. in case of failure to submit the registration form of waste disposal sites to the environmental authority, in the manner prescribed, by persons carrying out activities of waste placement, elimination and burial;

e. in case of failure to submit the registration report of objects of waste generation, processing and recycling to the environmental authority by persons generating, processing and recycling wastes.

(Article 166 amended by HO-113-N of 4 March 2020, amended and supplemented by HO-523-N of 7 December 2022)

Article 167. Rates of environmental tax for emission of harmful substances into atmospheric air from stationary sources of emission

1. Environmental tax for emission of harmful substances into the atmospheric air from stationary sources of emission shall be calculated at the following rates against the tax base (taking account of the provisions of parts 2 and 5 of this Article):

Harmful substances contaminating atmospheric air	Rate per each tonne emitted during the reporting period (AMD)
Dust	1 800
Carbon monoxide	240
Nitrogen oxides (recalculated against nitrogen dioxide)	14 800
Sulphur anhydride	1 800
Chlorine	12 000
Chloroprene	90 000
Other substances (not referred to in this table) contaminating the atmospheric air with respect to which the actual volumes of emissions exceed the volume of maximum permissible emission of substances contaminating the atmospheric air from stationary sources determined in accordance with the Law “On preservation of atmospheric air” or with respect to which permits for emission of harmful substances into the atmospheric air are not available in the cases prescribed by points 3 and 4 of part 2 of Article 9 of the Law “On preservation of atmospheric air” or the maximum permissible emission is not referred to in the permits	RATE*air* = AMD 900/MPC, where MPC is the daily average maximum permissible density (concentration) of the given substance in the air

2. The rates prescribed by part 1 of this Article for emission of harmful substances into the atmospheric air from stationary sources of emission within the territory of the city of Yerevan, national parks shall increase 1.5-fold.

3. In case the tax base limits, prescribed by part 1 of Article 166 of the Code, are exceeded, the following shall be applied as a rate for the actual emitted volume exceeding the limits of each harmful substance prescribed by part 1 of this Article (taking account of the provisions of parts 2 and 5 of this Article):

(1) five-fold of the rates prescribed by part 1 of this Article for the portion exceeding the limits up to (including) 5 times;

(2) ten-fold of the rates prescribed by part 1 of this Article for the portion exceeding the limits more than 5 times;

(3) irrespective of the provisions of points 1 and 2 of this part, five-fold of the rates prescribed by part 1 of this Article for the portion exceeding the temporary (for a term of up to 5 years) limits prescribed by the environmental authority (during the reporting periods of the time period for prescribing the temporary limits). In case of incomplete implementation or non-implementation of the environmental action plan, referred to in this point, a recalculation of the obligations with respect to the environmental tax calculated for the emission of harmful substances into the atmospheric air from stationary sources of emission for the time period of implementation of incompletely implemented or unimplemented measures of the action plan shall be carried out, applying the rates referred to in points 1 and 2 of this part for the portion exceeding the limits of the emissions.

4. In case of zero limits of the tax base, prescribed by part 2 of Article 166 of the Code, the following shall be applied as a rate for the actual emitted volume of each harmful substance prescribed by part 1 of this Article (taking account of the provisions of parts 2 and 5 of this Article):

(1) ten-fold of the rates prescribed by part 1 of this Article, where the actual volumes of the emissions do not exceed the following limits during the reporting period:

Dust	2.0 tonnes
Carbon monoxide	1.5 tonnes
Nitrogen oxides (recalculated against nitrogen dioxide)	1.0 tonne
Sulphur anhydride	0.5 tonnes

Chlorine	0.1 tonnes
For all other substances referred to in part 1 of this Article	0.05 tonnes

(2) twenty-five-fold of the rates prescribed by part 1 of this Article, where the actual volumes of the emissions exceed the limits referred to in point 1 of this part during the reporting period.

5. From 1 January 2018, the rates of environmental tax applied for the emission of harmful substances into the atmospheric air from stationary sources of emission shall be determined as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.1, from 1 January 2019, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.2, and from 1 January 2020, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.3.

(Article 167 amended by HO-113-N of 4 March 2020, amended and supplemented by HO-523-N of 7 December 2022)

Article 168. Rates of environmental tax for emission of harmful substances into atmospheric air from mobile sources of emission

1. Environmental tax for emission of harmful substances into the atmospheric air from mobile sources of emission shall be calculated at the following rates against the tax base (taking account of the provisions of part 2 of this Article):

(1) for the emission of harmful substances into the atmospheric air from cargo vehicles, registered (record-registered) and operated in the Republic of Armenia, according to their groups:

Group of the cargo vehicle	Annual rate (AMD)
Motor vehicles intended for the transportation of cargo maximum mass of which does not exceed 3,5 tonnes	5 000
Motor vehicles intended for the transportation of cargo with a maximum mass of more than 3,5 tonnes but not more than 12 tonnes	10 000
Motor vehicles intended for the transportation of cargo with a maximum mass of more than 12 tonnes	15 000

(2) for the emission of harmful substances into the atmospheric air from motor vehicles (except for cargo vehicles), other self-propelled vehicles and mechanisms, as well as of water vehicles registered (record-registered) and operated in the Republic of Armenia, according to the engine power:

				Motor vehicle production year				
Engine power	1st year for each horsepower	2nd year for each horsepower	3rd year for each horsepower	4th year for each horsepower	5th year for each horsepower	6th year for each horsepower	7th year for each horsepower	8th and every subsequent year for each horsepower
up to 50 horsepower	AMD 2.5	AMD 2.5	AMD 2.5	AMD 3	AMD 3.5	AMD 4	AMD 4.5	AMD 5
51-80 horsepower	AMD 5	AMD 5	AMD 5	AMD 6	AMD 7	AMD 8	AMD 9	AMD 10
81-100 horsepower	AMD 7.5	AMD 7.5	AMD 7.5	AMD 9	AMD 10.5	AMD 12	AMD 13.5	AMD 15
101-150 horsepower	AMD 10	AMD 10	AMD 10	AMD 12	AMD 14	AMD 16	AMD 18	AMD 20

151-200 horsepower	AMD 12.5	AMD 12.5	AMD 12.5	AMD 15	AMD 17.5	AMD 20	AMD 22.5	AMD 25
201-250 horsepower	AMD 15	AMD 15	AMD 15	AMD 18	AMD 21	AMD 24	AMD 27	AMD 30
251-300 horsepower	AMD 17.5	AMD 17.5	AMD 17.5	AMD 21	AMD 24.5	AMD 28	AMD 31.5	AMD 35
301 and more horsepower	AMD 25	AMD 25	AMD 25	AMD 30	AMD 35	AMD 40	AMD 45	AMD 50

In case the engine power is expressed in kilowatts, a coefficient of 1.36 shall be applied against the relevant power. Within the meaning of application of this point, the environmental tax rate for self-propelled vehicles and mechanisms, as well as water vehicles shall be prescribed in the amount of two-fold of the relevant rate (according to the engine power) prescribed by the last column of the table of this point;

(3) for emission of harmful substances into the atmospheric air from motor vehicles, not registered (not record-registered) in the Republic of Armenia, entering the Republic of Armenia, according to their types and load capacity, for each entry into the Republic of Armenia:

Code according to Foreign Economic Activity Commodity Nomenclature	Description of the motor vehicle	Rate (AMD)	
		in case of emissions produced	
		within the norms of maximum allowable concentration of harmful substances (carbon oxide, hydrocarbons, smoke opacity) in gases exhausted by motor vehicles operated within the territory of the Republic of Armenia	more than the norms of maximum allowable concentration of harmful substances (carbon oxide, hydrocarbons, smoke opacity) in gases exhausted by motor vehicles operated within the territory of the Republic of Armenia, in case of emissions with respect to at least one of the aforementioned substances
8703 21-8703 33	passenger cars intended for the transportation of not more than 10 persons (including the driver)	3 750	7 500
8 702	passenger cars intended for the transportation of 10 and more persons (including the driver), except for the vehicles classified under the code 8702 90 90	10 000	20 000
8704 21 8704 31	for the transportation	5 000	10 000

	of cargos, engine vehicles the maximum mass of which is not more than 5 tonnes		
8704 22 8704 32	for the transportation of cargo, engine vehicles the maximum mass of which is more than 5 tonnes but not more than 20 tonnes	10 000	20 000
8704 23	for the transportation of cargo, engine vehicles the maximum mass of which is more than 20 tonnes	15 000	30 000

2. ***(part repealed by HO-68-N of 25 June 2019)***

(Article 168 amended and edited by HO-338-N of 21 June 2018, edited, supplemented and amended by HO-68-N of 25 June 2019)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 169. Rates of environmental tax for leakage of harmful substances and/or compounds into water resources

1. Environmental tax for leakage of harmful substances and compounds into water resources directly and/or centralised water drainage networks and other water systems shall be calculated against the tax base at the following rates (taking account of the provisions of parts 2 and 5 of this Article):

Emitted harmful substances and compounds	Rate per each tonne of leakage during the reporting period (AMD)
Suspended materials	5 300
Ammonia nitrogen	5 100
Biological oxygen demand	18 400
Oil products	204 600
Copper	1 023 900
Zinc	1 023 900
Sulphates	100
Chlorides	30

Emitted harmful substances and compounds	Rate per each tonne of leakage during the reporting period (AMD)
Nitrites	511 500
Nitrates	1 100
Total phosphorus	40 000
Detergent (washing chemical) materials	102 300
Heavy metal salts	511 500
Cyanogen and cyanogen compounds	511 500
Other harmful substances and compounds: harmful substances and compounds, not referred to in this table, with respect to which the actual volumes of leakage exceed the volumes of maximum permissible leakage of harmful substances and compounds in wastewater, provided for by water use permits, or no water use permits are available or the volumes of maximum permissible leakage are not specified in the water use permits or the volumes of maximum permissible leakage, provided for by the rules for the use of water drainage systems and purification of drained water, are not determined	*RATEwater* = AMD 10 000/MPCfishery where MPCfishery is the maximum permissible concentration of the given substance or compound in the water used for fishery purposes

2. The rates prescribed by part 1 of this Article for those responsible for leakage of harmful substances and compounds (except for persons providing water supply and water drainage services) into the catchment basin of Lake Sevan, the rivers of Getar and Hrazdan within the territory of Hrazdan Gorge shall be doubled.

3. In case of exceeding the tax base limits, prescribed by part 1 of Article 166 of the Code, a value of three-fold of the rates prescribed by part 1 of this Article shall be applied as a rate for the volume of actual leakage exceeding the limits of each harmful substance or compound prescribed by part 1 of this Article (also taking account of the provisions of part 2 of this Article).

4. In case of zero limits of the tax base, prescribed by part 2 of Article 166 of the Code, the following shall be applied as a rate for the volume of actual leakage of each harmful substance or compound, prescribed by part 1 of this Article (also taking account of the provisions of part 2 of this Article):

a. ten-fold of the rates, prescribed by part 1 of this Article, in Ararat Marz and Armavir Marz of the Republic of Armenia;

b. five-fold of the rates, prescribed by part 1 of this Article, in other areas of the Republic of Armenia.

5. From 1 January 2018, the rates of environmental tax applied for the leakage of harmful substances and compounds into water resources shall be determined as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.1, from 1 January 2019, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.2, and from 1 January 2020, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.3.

Article 170. Rates of environmental tax for placing and storing subsoil management wastes, industrial wastes and/or consumption wastes in specifically designated areas

1. The environmental tax for placing industrial wastes and/or consumption wastes in specifically designated areas — waste allocation sites, landfills, waste deposits, refuse dumps, complexes and/or constructions — shall be calculated at the following rates against the tax base (taking account of the provisions of part 6 of this Article):

Industrial wastes and/or consumption wastes according to hazard degree	Rate per each tonne placed during the reporting period (AMD)

Industrial wastes and/or consumption wastes according to hazard degree	Rate per each tonne placed during the reporting period (AMD)
Wastes of first degree of hazard	48 000
Wastes of second degree of hazard	24 000
Wastes of third degree of hazard	4 800
Wastes of fourth degree of hazard (except for operators performing activities of garbage disposal and sanitary purification of unsorted consumption wastes generated by natural persons)	1 500
Non-hazardous wastes (except for subsoil management wastes and in case of operators performing activities of garbage disposal and sanitary purification, for unsorted consumption wastes generated by natural persons)	600
For operators performing activities of garbage disposal and sanitary purification, sorted and unsorted consumption wastes generated by natural persons	60

2. From 1 January 2021, environmental tax for one-time storage of industrial wastes and/or consumption wastes (except for subsoil management wastes) in specifically designated areas, industrial sites, shall be calculated against the tax base at the following rates:

Industrial wastes and/or consumption wastes according to hazard degree	Rate per each tonne stored during the reporting period (AMD)
Wastes of first degree of hazard	62 400
Wastes of second degree of hazard	31 200
Wastes of third degree of hazard	6 240
Wastes of fourth degree of hazard	1 950
Non-hazardous wastes	780

3. From 1 January 2021, environmental tax for one-time placement or storage of subsoil management wastes in specifically designated areas — tailing storage facilities, industrial waste dumps, sites of overburden rocks and/or similar sites — shall be calculated against the tax base at the following rates:

(1) for mines of solid non-metallic minerals:

Subsoil management wastes according to hazard degree	Rate per each tonne stored during the reporting period (AMD)
Wastes of first degree of hazard	62 400
Wastes of second degree of hazard	31 200
Wastes of third degree of hazard	6 240
Wastes of fourth degree of hazard	1 950
Non-hazardous wastes (including overburden rocks)	780

(2) for mines of metallic minerals:

Subsoil management wastes according to hazard degree	Rate per each tonne stored during the reporting period (AMD)
Wastes of first degree of hazard	250
Wastes of second degree of hazard	120
Wastes of third degree of hazard	25
Wastes of fourth degree of hazard	8
Non-hazardous wastes (including overburden rocks)	3

4. In case the tax base limits of the prescribed by part 1 of Article 166 of the Code are exceeded, a value of three-fold of the rates, prescribed by parts 1-3 of this Article, shall be applied as a rate for the actual volumes of wastes exceeding the limits.

5. In case of zero limits of the tax base, prescribed by part 2 of Article 166 of the Code, a value of five-fold of the rates prescribed by parts 1-3 of this Article shall be applied as a rate for the actual volumes of the wastes.

6. From 1 January 2018, the rates of environmental tax applied for placing industrial wastes and/or consumption wastes in specifically designated areas shall be defined as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.1, from 1 January 2019, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.2, and from 1 January 2020, as the product of the rates prescribed by part 1 of this Article and a coefficient of 1.3.

Article 171. Rates of environmental tax for goods causing damage to the environment

1. Environmental tax for goods causing damage to the environment shall be calculated against the tax base at the following rates:

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	**Brief name of goods**	**Rate for goods imported into the Republic of Armenia (%)**	**Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia**
2707	oils and other substances of high-temperature distillates of coal tar, similar substances wherein the weight of aromatic components exceed the weight of non-aromatic components	2.0	2.0
2709 00	crude oil and crude oil products derived from bituminous minerals	2.0	2.0
2710	petroleum and petroleum products derived from bituminous minerals, except for crude mineral, products not specified	2.0	2.0

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	Brief name of goods	Rate for goods imported into the Republic of Armenia (%)	Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia
	or included in any other line, containing by weight 70% or more petroleum products or petroleum products derived from bituminous minerals, moreover that petroleum product is the main component of the products, waste petroleum products		
2714	bitumen and asphalt, natural, bituminous or oil-bearing shales and bituminous sandstones, asphaltites and asphaltic rocks	2.0	2.0
2715 00 000 0	bituminous mixtures based on natural asphalt, natural bitumen, petroleum bitumen, mineral resins or mineral resin pitch (e.g. bituminous particles, asphalt mixtures for road surfaces)	2.0	2.0
2903 42 000 0	difluoromethane (HFC-32) [CH_2F_2]	2.0	2.0
2903 41 000 0	trifluoromethane (fluoroform) (HFC-23) [CHF_3]	2.0	2.0
2903 44 000 0	pentafluoroethane (HFC-125) [CHF_2CF_3]	2.0	2.0
2903 44 000 0	1,1,1- trifluoroethane (HFC-143a) [CH3CF3]	2.0	2.0
2903 43 000 0	1,1- difluoroethane (HFC-152a) [CH_3CHF_2]	2.0	2.0
2903 45 000 0	1,1,1,2- tetrafluoroethane (HFC-134a) [CH_2FCF_3]	2.0	2.0
2903 47 000 0	1,1,1,3,3- pentafluoropropane (HFC-245fa) [$CHF_2CH_2CF_3$]	2.0	2.0
2903 46 000 0	1,1,1,2,3,3,3- heptafluoropropane (HFC-227ea) [CF_3CHFCF_3]	2.0	2.0
2903 46 000 0	1,1,1,2,2,3- hexafluoropropane (HFC-236cb) [$CH_2FCF_2CF_3$]	2.0	2.0
2903 46 000 0	1,1,1,2,3,3- hexafluoropropane (HFC-236ea) [CHF_2CHFCF_3]	2.0	2.0
2903 46 000 0	1,1,1,3,3,3- hexafluoropropane (HFC-236fa) [$CF_3CH_2CF_3$]	2.0	2.0
2903 47 000 0	1,1,2,2,3- pentafluoropropane (HFC-245ca) [$CH_2FCF_2CHF_2$]	2.0	2.0
2903 48 000 0	pentafluorobutane (HFC-365mfc) [$CF_3CH_2CF_2CH_3$]	2.0	2.0
2903 48 000 0	2H,3H- decafluoropentane 1,1,1,2,2,3,4,5,5,5- decafluoropentane 2H,3H- perfluoropentane (HFC-43-10mee) 1,1,1,2,3,4,4,5,5,5- decafluoropentane [$CF_3CHFCHFCF_2CF_3$]	2.0	2.0
2903 43 000	fluoromethane	2.0	2.0

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	Brief name of goods	Rate for goods imported into the Republic of Armenia (%)	Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia
2903 41 000 0	(HFC-41) [CH_3F]	2.0	2.0
2903 43 000 0	difluoroethane (HFC-152) [CH_2FCH_2F]	2.0	2.0
2903 44 000 0	trifluoroethane (HFC-143) [CH_2FCHF_2]	2.0	2.0
2903 71 000 0	difluorochloromethane (HCFC-22) [CHF_2Cl]	2.0	2.0
2903 72 000 0	trifluorodichloroethane (HCFC-123a) [$C_2HF_3Cl_2$]	2.0	2.0
2903 72 000 0	trifluorodichloroethane (HCFC-123) [$CHCl_2CF_3$]	2.0	2.0
2903 73 000 0	1-fluorine -2,2-dichloroethane (HCFC-141) [$C_2H_3FCl_2$]	2.0	2.0
2903 73 000 0	1,1,1-fluorodichloroethane (HCFC-141b) [CH_3CFCl_2]	2.0	2.0
2903 74 000 0	1-chlorine, 2,2-dichloroethane (HCFC-142) [$C_2H_3F_2Cl$]	2.0	2.0
2903 74 000 0	1,1,1- difluorochloroethane (HCFC-142b) [CH_3CF_2Cl]	2.0	2.0
2903 75 000 0	pentafluorodichloropropane (HCFC-225) [C_3HF5Cl_2]	2.0	2.0
2903 75 000 0	1-trifluoride, 2-difluoro, 3-dichloropropane (HCFC-225ca) [$CF_3CF_2CHCl_2$]	2.0	2.0
2903 75 000 0	1,1-difluorochloro, 2-difluoro, 3-dichloropropane (HCFC-225cb) [CF_2ClCF_2CHClF]	2.0	2.0
2903 79 300 0	fluorodichloromethane (HCFC-21) [$CHFCl_2$]	2.0	2.0
2903 79 300 0	fluorochloromethane (HCFC-31) [CH_2FCl]	2.0	2.0
2903 79 300 0	fluorotetrachloroethane (HCFC-121) [C_2HFCl_4]	2.0	2.0
2903 79 300 0	difluorotrichloroethane (HCFC-122) [$C_2HF_2Cl_3$]	2.0	2.0
2903 79 300 0	tetrafluorochloroethane (HCFC-124a) [C2HF4Cl]	2.0	2.0
2903 79 300 0	tetrafluorochloroethane (HCFC-124) [$CHFClCF_3$]	2.0	2.0
2903 79 300 0	fluorotrichloroethane (HCFC-131) [$C_2H_2FCl_3$]	2.0	2.0
2903 79 300	difluorodichloroethane	2.0	2.0

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	Brief name of goods	Rate for goods imported into the Republic of Armenia (%)	Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia
2903 79 300 0	(HCFC-132) [$C_2H_2F_2Cl_2$] trifluorochloroethane (HCFC-133) [$C_2H_2F_3Cl$]	2.0	2.0
2903 79 300 0	fluorochloroethane (HCFC-151) [C_2H_4FCl]	2.0	2.0
2903 79 300 0	fluorohexachloropropane (HCFC-221) [C_3HFCl_6]	2.0	2.0
2903 79 300 0	difluoropentachloropropane (HCFC-222) [$C_3HF_2Cl_5$]	2.0	2.0
2903 79 300 0	trifluorotetrachloropropane (HCFC-223) [$C_3HF_3Cl_4$]	2.0	2.0
2903 79 300 0	tetrafluorotrichloropropane (HCFC-224) [$C_3HF_4Cl_3$]	2.0	2.0
2903 79 300 0	hexafluorochloropropane (HCFC-226) [C_3HF_6Cl]	2.0	2.0
2903 79 300 0	fluoropentachloropropane (HCFC-231) [$C_3H_2FCl_5$]	2.0	2.0
2903 79 300 0	difluorotetrachloropropane (HCFC-232) [$C_3H_2F_2Cl_4$]	2.0	2.0
2903 79 300 0	trifluorotrichloropropane (HCFC-233) [$C_3H_2F_3Cl_3$]	2.0	2.0
2903 79 300 0	tetrafluorodichloropropane (HCFC-234) [$C_3H_2F_4Cl_2$]	2.0	2.0
2903 79 300 0	pentafluorochloropropane (HCFC-235) [$C_3H_2F_5Cl$]	2.0	2.0
2903 79 300 0	fluorotetrachloropropane (HCFC-241) [$C_3H_3FCl_4$]	2.0	2.0
2903 79 300 0	difluorotrichloropropane (HCFC-242) [$C_3H_3F_2Cl_3$]	2.0	2.0
2903 79 300 0	trifluorodichloropropane (HCFC-243) [$C_3H_3F_3Cl_2$]	2.0	2.0
2903 79 300 0	tetrafluorochloropropane (HCFC-244) [$C_3H_3F_4Cl$]	2.0	2.0
2903 79 300 0	fluorochloropropane (HCFC-271) [C_3H_6FCl]	2.0	2.0
2903 79 300 0	fluorotrichloropropane (HCFC-251) [$C_3H_4FCl_3$]	2.0	2.0
2903 79 300 0	difluorodichloropropane (HCFC-252) [$C_3H_4F_2Cl_2$]	2.0	2.0

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	Brief name of goods	Rate for goods imported into the Republic of Armenia (%)	Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia
2903 79 300 0	trifluorochloropropane (HCFC-253) [$C_3H_4F_3Cl$]	2.0	2.0
2903 79 300 0	fluorodichloropropane (HCFC-261) [$C_3H_5FCl_2$]	2.0	2.0
2903 79 300 0	difluorochloropropane (HCFC-262) [$C_3H_5F_2Cl$]	2.0	2.0
2710 19 930 0 2710 91 000 0 2710 99 000 0	electrical insulating oils, used oil products	3.0	3.0
2903 41 000 0 2903 42 000 0 2903 43 000 0 2903 44 100 0 2903 44 900 0	fluorotrichloromethane (freon-11), [CFCl3] difluorodichloromethane (freon-12), [CF2 Cl2] trifluorotrichloroethane (freon-113), [C2 F3 Cl3] tetrafluorodichloroethane (freon-114), [C2F4 Cl2] pentafluorochloroethane (freon-115) [C2F5Cl]	2.0	2.0
3215	printing ink, ink or drafting ink for writing or drawing, concentrated or non-concentrated, solid or non-solid	3.0	3.0
3402	organic surface-active substances (except for soap), surface-active substances, detergents (including auxiliary detergents) and cleaning substances, whether or not containing soap (other than those under heading 3401)	0.5	0.5
37	photo products and film products	0.8	0.8
3819 00 000 0	hydraulic brake fluids and other ready for use hydraulic coupling fluids, not containing or containing less than 70% by weight of petroleum or petroleum products derived from bituminous minerals	2.0	2.0
3820 00 000 0	anti-freezing and ready for use de-icing fluids	2.0	2.0
3923	plastic product types for the transportation or packaging of goods — stoppers, lids, trays and other means for stopping (except for those under headings 3923 29 100 0 and 3923 29 900 0)	2.0	2.0
3924	tableware and kitchen utensils, table and kitchen utensils, other household and sanitary utensils of plastics (except for those under headings 3924 90 000 1 and 3924 90 000 9)	2.0	2.0
3925	construction parts of plastics, not elsewhere specified or included	2.0	2.0
4011	rubber pneumatic tires, new	1.0	1.0
4012	rubber pneumatic tires, retreaded or used, solid or semi-pneumatic tires, rubber	1.0	1.0

Heading, position or code according to EAEU Foreign Economic Activity Commodity Nomenclature	Brief name of goods	Rate for goods imported into the Republic of Armenia (%)	Rate for goods, produced and sold, as well as imported and sold in the Republic of Armenia
	tire protectors and rim tapes		
4013	rubber tire tubes	1.0	1.0
6811	articles of asbestos cement, cellulose fiber cement or similar materials	3.0	3.0
6812	processed asbestos fibres, mixtures with a basis of asbestos or magnesium carbonate, articles of these mixtures or of asbestos (for example, yarn, fabrics, clothing, headgear, footwear, gaskets), whether or not reinforced, other than those under headings 6811 and 6813	3.0	3.0
6813	friction materials and unassembled articles made therefrom (for example, plates, rolls, bands, segments, discs, washers, gaskets) for brakes, couplings and other similar devices, with a basis of asbestos, other mineral materials or cellulose, textile materials or with or without other substances	3.0	3.0
7019	glass fibres (including glass wool) and articles made of it (for example, yarns, fabrics)	0.8	0.8
78	lead and articles made of lead	3.0	3.0
8311 10 000	non-precious metal electrodes with coating for electric arc welding	1.5	1.5
8421 23 000 0	equipment and devices for filtering oil or fuel in internal combustion engines	1.0	1.0
8506	primary batteries and accumulators	1.5	1.5
8507	electrical accumulators (including their separators) of rectangular (including square) or other shape	3.0	3.0
8532 22 000 0	aluminium electrolytic capacitors	3.0	3.0
8539 31	Lamps — fluorescent, hot-cathode	3.0	3.0
8539 32 200 1	mercury lamps	3.0	3.0
8702, 8703, 8704, 8705	vehicles having a release (manufacturing) date of up to 3 years	2.0	x
8702, 8703, 8704, 8705	vehicles having a release (manufacturing) date of more than 3 years and up to 5 years, included	4.0	x
8702, 8703, 8704, 8705	vehicles having a release (manufacturing) date of more than 5 years and up to 10 years, included	12.0	x
8702, 8703, 8704, 8705	vehicles having a release (manufacturing) date of more than 10 years and up to 15 years, included	12.0	x
8702, 8703, 8704, 8705	vehicles having a release (manufacturing) date of more than 15 years	24.0	x

(Article 171 edited by HO-56-N of 4 March 2022, amended by HO-358-N of 16 November 2023)

(Law HO-358-N of 16 November 2023 has a final part and transitional provisions)

CHAPTER 32

ENVIROMENTAL TAX BENEFITS

Article 172. Environmental tax benefits

1. The following shall be exempt from environmental tax for emission of harmful substances into the atmospheric air from motor vehicles registered (record-registered) in the Republic of Armenia:

(1) persons with disabilities, who received cars from social security bodies under privileged conditions, with respect to those cars;

(2) payers of environmental tax for hybrid motor vehicles and motor vehicles operating with electric-powered engine, with respect to such motor vehicles;

(3) payers of environmental tax for motor vehicles temporarily removed from record-registration of the authorised record-registration body, with respect to motor vehicles removed from record-registration during the whole year.

2. The documents certifying the right to enjoy environmental tax benefits prescribed by part 1 of this Article and the procedure for the submission thereof shall be prescribed by the Government.

3. The following shall be exempt from environmental tax for emission of harmful substances into the atmospheric air from motor vehicles not registered (not record-registered) in the Republic of Armenia:

(1) diplomatic representations and consular offices, accredited in the Republic of Armenia, international organisations equivalent thereto;

(2) those carrying out transportation to the Republic of Armenia within the scope of humanitarian aid and charity programmes. In case the programme is not directly referred to in international treaties of the Republic of Armenia, the differentiation of the programme (activity) shall be determined by the authorised body of the Government according to the nature of humanitarian aid and charity;

(3) Armed Forces of the Russian Federation.

4. In accordance with part 3 of this Article, documents certifying the right to enjoy environmental tax benefits for emission of harmful substances into the atmospheric air from motor vehicles, not registered (not record-registered) in the Republic of Armenia, shall be the following:

(1) diplomatic certificate for members of the staff of diplomatic representations and consular offices, accredited in the Republic of Armenia, of international organisations equivalent thereto;

(2) legal act (including the international treaty of the Republic of Armenia) on the implementation of the specified programme (activity) and in case they are unavailable, the decision of the authorised body for environmental taxpayers carrying out transportation of cargo to the territory of the Republic of Armenia within the scope of humanitarian and technical aid, charity programmes;

(3) statement of information provided by the administration of the military stations of the Russian Federation.

5. Those transporting goods in transit through the territory of the Republic of Armenia shall be exempt from environmental tax for imported goods causing damage to the environment.

6. Natural persons shall, in respect of consumption wastes, be exempt from environmental tax for placing and/or storing industrial wastes and/or consumption wastes in specifically designated areas.

(Article 172 amended by HO-261-N of 23 March 2018, HO-343-N of 21 June 2018, HO-353-N of 2 October 2024)

CHAPTER 33

CALCULATION OF ENVIRONMENTAL TAX

Article 173. Reporting period

1. Each reporting quarter shall be deemed to be a reporting period for calculation and payment of

environmental tax, except for the cases prescribed by this Section.

Article 174. General procedure for calculating environmental tax subject to payment to State Budget

1. Environmental tax subject to payment to the State Budget shall be calculated based on the tax base and rates for each taxable object prescribed by Article 164 of the Code, taking account of the tax base limits.

Article 175. Procedure for calculating environmental tax subject to payment to State Budget for emission of harmful substances into atmospheric air

1. Environmental tax subject to payment to the State Budget for emission of harmful substances into the atmospheric air from stationary sources of emission shall be calculated based on the actual volumes of harmful substances emitted into the atmospheric air during the reporting period:

(1) by the product of the actual volumes of harmful substances emitted within the volumes of maximum permissible emission calculated for the reporting period and of the relevant rates (in cases, prescribed by part 2 of the same Article, of multiplied rates) prescribed by part 1 of Article 167 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(2) by the product of the actual volumes of emitted harmful substances exceeding the volumes of maximum permissible emission calculated for the reporting period and of the rates prescribed by part 3 of Article 167 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(3) in case of zero limits of the tax base, by the product of the overall actual volumes of harmful substances emitted during the reporting period and of the rates prescribed by part 4 of Article 167 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(4) in cases when the volumes of maximum permissible emission are approved during the reporting period as prescribed, environmental tax subject to payment to the State Budget with respect to the actual volumes of harmful substances emitted during the time period preceding the day of the approval thereof shall be calculated as prescribed by point 3 of this part, and for the time period from the day of approval of the volumes of maximum permissible emission until the end of the reporting period the volumes of the maximum permissible emission calculated for the days including that time period shall be taken as a basis;

(5) in cases when the volumes of maximum permissible emission change during the reporting period as manner prescribed, for the time periods of the reporting period until the day of that change and from that day until the end of the reporting period the relevant volumes of the maximum permissible emission calculated for the days including the relevant time periods shall be taken as a basis.

2. Annual environmental tax for motor vehicle, other self-propelled vehicle and mechanism, as well as for water vehicle, registered (record-registered) and operated in the Republic of Armenia, subject to payment to the State Budget for emission of harmful substances into the atmospheric air from mobile sources of emission shall be calculated by the product of the tax base and the relevant annual rates prescribed by Article 168 of the Code.

3. Environmental taxpayers shall reflect environmental tax amounts, calculated for objects of taxation prescribed by part 1 of this Article, in tax calculation reports, prescribed by parts 1 and 2 of Article 180 of the Code.

Article 176. Procedure for calculating environmental tax subject to payment to State Budget for emission of harmful substances into atmospheric air from motor vehicles, not registered (not record-registered) in the Republic of Armenia, entering the Republic of Armenia

1. Environmental tax for emission of harmful substances into the atmospheric air from motor vehicles entering the Republic of Armenia by means of motor vehicles, not registered (not record-registered) in the Republic of Armenia, shall be calculated at relevant rates prescribed by Article 168 of the Code for each entry into the Republic of Armenia.

Article 177. Procedure for calculating environmental tax subject to payment to State Budget for leakage of harmful substances and/or compounds into water resources

1. Environmental tax subject to payment to State Budget for leakage of harmful substances and/or

compounds into water resources shall be calculated based on the volumes of actual leakage of harmful substances and/or compounds into water resources directly and/or centralised water drainage networks and other water systems during the reporting period:

(1) by the product of the actual volumes of harmful substances and/or compounds emitted within the volumes of maximum permissible leakage calculated for the reporting period and of the relevant rates (in cases, prescribed by part 2 of the same Article, of the twofold of the rates) prescribed by part 1 of Article 169 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(2) by the product of the actual volumes of leakage of harmful substances and compounds exceeding the volumes of maximum permissible leakage calculated for the reporting period and of the rates prescribed by part 3 of Article 169 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(3) in case of zero limits of the tax base, by the product of the overall actual volumes of leakage of harmful substances and compounds during the reporting period and of the rates prescribed by part 4 of Article 169 of the Code, taking account of the provisions prescribed by part 5 of the same Article;

(4) in cases when the volumes of maximum permissible leakage are approved during the reporting period as prescribed, environmental tax subject to payment to the State Budget with respect to the actual volumes of leakage of harmful substances and/or compounds during the time period preceding the day of approval thereof shall be calculated as prescribed by point 3 of this part, and for the time period from the day of approval of the volumes of maximum permissible leakage until the end of the reporting period the volumes of the maximum permissible leakage calculated for the days including that time period shall be taken as a basis;

(5) in cases when the volumes of maximum permissible leakage change during the reporting period as prescribed, for the time periods of the reporting period until the day of that change and from that day until the end of the reporting period the relevant volumes of the maximum permissible leakage calculated for days including the relevant time periods shall be taken as a basis.

2. Irrespective of the provisions of part 1 of this Article, environmental tax subject to payment to the State Budget for leakage of harmful substances and/or compounds into water use and water resources for fishery purposes shall be calculated in the amount of the positive difference between average concentrations of harmful substances and/or compounds in wastewater flowing into water resources and 90 percent of ecological standards for water quality prescribed for the given segment of water resources, in the amount of the product of the actual volumes of wastewater flowing into water resources and of the rates prescribed by Article 169 of the Code. Ecological standards for water quality shall be prescribed by the Government.

3. Environmental taxpayers shall reflect environmental tax amounts, calculated for taxable objects prescribed by parts 1 and 2 of this Article, in tax calculation reports, prescribed by parts 1 and 2 of Article 180 of the Code.

(Article 177 amended by HO-261-N of 23 March 2018)

Article 178. Procedure for calculating environmental tax subject to payment to State Budget for placing or storing subsoil management wastes, industrial wastes and/or consumption wastes in specifically designated areas

1. Environmental tax subject to payment to the State Budget for placing or storing subsoil management wastes, industrial wastes and/or consumption wastes in specifically designated areas shall be calculated based on the actual volumes of wastes placed and/or stored in specifically designated areas during the reporting period:

(1) by the product of the actual volumes of subsoil management wastes, industrial wastes and/or consumption wastes stored and/or placed in specifically designated areas within the limits for waste placement calculated for the reporting period and of the relevant rates prescribed by parts 1-3 of Article 170 of the Code, taking account of the provisions of part 6 of the same Article;

(2) by the product of the actual volumes of stored and/or placed subsoil management wastes, industrial wastes and/or consumption wastes exceeding the limits for waste placement calculated for the reporting period and of the rates prescribed by part 4 of Article 170 of this Section, taking account of the provisions prescribed by part 6 of the same Article;

(3) in case of zero limits of the tax base, by the product of the actual volumes of subsoil management wastes, industrial wastes and/or consumption wastes stored and/or placed during the reporting period and of the rates prescribed by part 5 of Article 170 of the Code, taking account of the provisions prescribed by part 6 of the same Article;

(4) in cases when the limits for waste placement are approved during the reporting period as prescribed, environmental tax subject to payment to the State Budget with respect to the actual volumes of wastes stored during the time period preceding the day of confirmation thereof shall be calculated as prescribed by point 3 of this part, and for the time period from the day of approval of

the limits until the end of the reporting period, the volumes of the limits calculated for the days including that time period shall be taken as a basis;

(5) in cases when the limits for waste placement change during the reporting period as prescribed, for the time periods of the reporting period until the day of that change and from that day until the end of the reporting period the relevant volumes of the limits calculated for the days including the relevant time periods shall be taken as a basis.

2. Environmental taxpayers shall reflect environmental tax amounts, calculated for taxable objects prescribed by part 1 of this Article, in tax calculation reports prescribed by parts 1 and 2 of Article 180 of the Code.

3. The provisions of this Article related to calculation of environmental tax for storing subsoil management wastes, industrial wastes and/or consumption wastes in specifically designated areas for the reporting periods of the time periods from 1 January 2018 to 31 December 2020 shall be applied, taking account of the final and transitional provisions prescribed by Section 21 of the Code.

Article 179. Procedure for calculating environmental tax subject to payment to State Budget for goods causing damage to environment

1. Environmental tax subject to payment to the State Budget for goods causing damage to the environment, referred to in Article 171 of the Code, imported into the Republic of Armenia through customs procedure “Release for domestic consumption” shall be calculated against the tax base of those goods at the relevant rates prescribed by the same Article for the goods imported into the Republic of Armenia.

2. Environmental tax subject to payment to the State Budget for goods, referred to in Article 171 of the Code, having the status of EAEU product and causing damage to the environment, imported into the Republic of Armenia from EAEU member states shall be calculated against the tax base of those goods at the relevant rates prescribed by the same Article for the goods imported into the Republic of Armenia. Taxpayers carrying out imports shall calculate the environmental tax referred to in this part independently and include the amount of the calculated environmental tax in the tax declaration of import submitted to the tax authority in the manner and within the time limits prescribed by the Code.

3. Environmental tax subject to payment to the State Budget for goods, referred to in Article 171 of the Code (except for cars classified under 8702, 8703, 8704 and 8705 codes of Foreign Economic Activity Commodity Nomenclature), which have been alienated within the territory of the Republic of Armenia during the reporting period by importer-sellers shall be calculated against the tax base of those goods at the relevant rates prescribed by the same Article for goods imported into and sold in the Republic of Armenia.

4. Environmental tax subject to payment to the State Budget for goods, referred to in Article 171 of the Code, which have been produced within the territory of the Republic of Armenia and alienated within the territory of the Republic of Armenia during the reporting period by producer-sellers shall be calculated against the tax base of those goods at the relevant rates prescribed by the same Article for goods produced and sold in the Republic of Armenia.

5. For the calculation of environmental tax subject to payment to the State Budget for each reporting period by importer-sellers, the following shall be offset (reduced) from the amount of environmental tax calculated in accordance with part 3 of this Article:

(1) environmental tax amounts separated in customs declarations of import of goods, imported from states not considered to be EAEU members and alienated, which have been paid to the State Budget of the Republic of Armenia, in proportion with the alienation of goods during the reporting period, but not more than the amounts of environmental tax calculated with respect to those goods for the reporting period in accordance with part 3 of this Article;

(2) environmental tax amounts separated in customs declarations of goods imported from EAEU member states and alienated, which have been paid to the State Budget of the Republic of Armenia, in proportion with the alienation of goods during the reporting period, but not more than the amounts of environmental tax calculated with respect to those goods for the reporting period in accordance with part 3 of this Article.

6. For the calculation of environmental tax subject to payment to the State Budget for each reporting period by producer-sellers, the following shall be offset (reduced) from the amount of environmental tax calculated in accordance with part 4 of this Article:

(1) environmental tax amounts separated in customs declarations of goods imported from states not considered to be EAEU members, which have been used directly in the production of alienated goods and have been paid to the State Budget of the Republic of Armenia, in proportion with the alienation of goods during the reporting period, but not more than the amounts of environmental tax calculated with respect to those goods for the reporting period in accordance with part 4 of this Article;

(2) environmental tax amounts separated in tax declarations of goods imported from EAEU member states, which have been used directly in the production of alienated goods and have been paid to the State Budget of the Republic of Armenia, in proportion with the alienation of goods during the reporting period, but not more than the amounts of environmental tax calculated with respect to those goods for the reporting period in accordance with part 4 of this Article;

(3) environmental tax amounts separated in settlement documents of suppliers of the Republic of Armenia, which have been used directly in the production of alienated goods, in proportion with the alienation of goods during the reporting period, but not more than the amounts of environmental tax calculated with respect to those goods for the reporting period in accordance with part 4 of this Article.

7. Where in the cases prescribed by parts 5 and 6 of this Article the fees to the State Budget of the Republic of Armenia are carried out during the reporting periods which follow the reporting period of alienation of goods causing damage to the environment, prescribed by parts 3 and 4 of this Article, offset (reductions) with respect to those goods may be carried out (by submission of tax calculation reports verified in the manner and cases prescribed by the Code) only during the reporting period of alienation of goods causing damage to the environment as prescribed by this Article. In accordance with parts 5 and 6 of this Article, the amounts not offset (not reduced) from the environmental tax calculated for the goods alienated during the reporting period shall not be subject to offset or refund at the expense of pending environmental tax fees of the environmental taxpayer.

8. Environmental taxpayers shall reflect environmental tax amounts, calculated for taxable objects prescribed by parts 3 and 4 of this Article, in tax calculation reports prescribed by parts 1 and 2 of Article 180 of the Code.

(Article 179 edited, amended by HO-111-N of 4 May 2022)

Article 180. Submission of tax calculation reports with respect to environmental tax

1. Environmental taxpayers shall, prior to and including the twentieth day of the month following each reporting period, draw up unified tax calculation reports of environmental tax and nature use fees in accordance with Articles 52 and 53 of the Code and submit them to the environmental inspectorate and tax authority as prescribed by the Government.

2. Environmental taxpayers may, in case they independently reveal mistakes in the submitted unified tax calculation reports of environmental tax and nature use fees, draw up verified unified tax calculation reports of environmental tax and nature use fees as a result of verification thereof, as prescribed by Articles 52-54 of the Code and submit them to the environmental and subsoil use inspection authority and tax authority as prescribed by the Government.

(Article 180 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018)

CHAPTER 34

PROCEDURE FOR PAYING ENVIRONMENTAL TAX AMOUNT AND CREDITING IT TO SINGLE ACCOUNT

Article 181. Payment of environmental tax amount

1. Environmental tax amounts, calculated as prescribed by this Section, subject to payment to the State Budget shall be paid to the State Budget prior to and including the twentieth day of the month following the reporting quarter, except for the cases prescribed by this Article.

2. Environmental tax for emission of harmful substances into the atmospheric air from mobile sources of emission shall be paid to the State Budget of the Republic of Armenia within the following time limits and in the following manner:

(1) for motor vehicles, other self-propelled vehicles and mechanisms, as well as for water vehicles registered (record-registered) and operated in the Republic of Armenia with respect to which the requirement for technical inspection is prescribed, environmental tax calculated as prescribed by Article 175 of the Code shall be paid for each tax year before the annual technical inspection thereof, except for the cases prescribed by point 2 of this part;

(2) where in the case referred to in point 1 of this part other frequency of technical inspection is prescribed instead of the annual technical inspection, environmental tax calculated as prescribed by Article 175 of the Code shall be paid:

a. before the second technical inspection of the tax year, in case of undergoing two technical inspections during the tax year;

b. in case of undergoing a technical inspection with a frequency other than the frequency

prescribed by sub-point “a” of this point, in the amount of the sum total of the annual environmental tax amounts subject to calculation prior to each technical inspection before the technical inspection;

(3) for motor vehicles, other self-propelled vehicles and mechanisms, as well as for water vehicles registered (record-registered) and operated in the Republic of Armenia with respect to which the requirement for technical inspection is not prescribed, environmental tax calculated as prescribed by Article 175 of the Code shall be paid for each tax year prior and including the first of December of the given tax year;

(4) environmental tax calculated as prescribed by Article 176 of the Code for emission of harmful substances into the atmospheric air from motor vehicles entering the Republic of Armenia by means of motor vehicles not registered (not record-registered) in the Republic of Armenia shall be paid to the State Budget upon entry into the Republic of Armenia. Environmental taxpayers shall keep the payment receipts (or other document certifying the payment) for the purpose of later certifying the payment of the environmental tax. During the entry into the Republic of Armenia by means of motor vehicles not registered (not record-registered) in the Republic of Armenia, tax authorities shall check the calculation reports on environmental tax drawn up by the taxpayer or the right to enjoy the benefits of payment of environmental tax, where necessary, securing supplementary payment of environmental tax after relevant adjustments. Documents certifying the payment of environmental tax for the purposes of this Article of the payment of environmental tax shall also be:

a. customs declaration of motor vehicles which reflects the environmental tax amount paid, in case of entry of vehicles from states not considered to be EAEU members;

b. receipts of environmental tax fees made to the State Budget of the Republic of Armenia in the manner and amounts prescribed by this Section or the receipt generated by the electronic system of state fees, in case of entry of motor vehicles from EAEU member states.

In case of exit of motor vehicles, not registered (not record-registered) in the Republic of Armenia, from the territory of the Republic of Armenia, tax authorities shall check whether the environmental tax is calculated and paid in accordance with this Section or the right to enjoy the benefits of payment of environmental tax. During the exit of motor vehicles, a stamp, marked “environmental tax paid until”, shall be put on the receipts certifying the payment of environmental tax and/or on customs declaration of motor vehicles, after which the declarations and receipts may not be used as documents certifying the payment of environmental tax when entering the Republic of Armenia, driving in the Republic of Armenia or exiting from the Republic of Armenia.

Environmental taxpayers shall submit the documents certifying the payment of environmental tax or the relevant documents certifying the right to enjoy environmental tax benefits, referred to in part 4 of Article 172 of the Code, to the customs when entering the Republic of Armenia or exiting from the Republic of Armenia by means of motor vehicles not registered (not record-registered) in the Republic of Armenia, and to the road traffic safety body, within the territory of the Republic of Armenia where required in the prescribed manner.

3. Environmental tax for import of goods causing damage to the environment shall be paid to the State Budget of the Republic of Armenia within the following time limits and in the following manner:

(1) environmental tax for goods imported into the Republic of Armenia from EAEU member states and causing damage to the environment shall be paid to the State Budget prior and including the twentieth day of the month following the month which includes the day of actual import of those goods into the territory of the Republic of Armenia (crossing the state border of the Republic of Armenia);

(2) environmental tax for goods causing damage to the environment and imported into the Republic of Armenia from states not considered to be EAEU members, except for the case prescribed by point 3 of this Article, shall be paid to the State Budget before the registration or during the registration of the customs declaration through the customs procedure “Release for domestic consumption”, but not later than the release of the goods, as amounts paid to the customs authority, by submitting to the customs authority the document certifying the payment.

Where a customs procedure declared in advance is substituted by another customs procedure, irrespective of the change in the customs procedure applied for those goods after the import, environmental tax for goods causing damage to the environment shall be calculated and levied once per each entry through the border of the Republic of Armenia.

(3) The environmental tax amounts calculated as prescribed by the Code for goods causing harm to the environment and imported into the Republic of Armenia through the customs procedure “Release for domestic consumption” shall, as amounts paid to the customs authority, be paid to the State Budget of the Republic of Armenia within the time limits prescribed by Article 59 of the Customs Code of the Eurasian Economic Union as envisaged for the postponement of payment of customs duty or deferred payment thereof upon the grounds prescribed by the same Article, without the condition of fulfilment of tax liability, with regard to which the customs authority shall adopt a decision on postponement of payment of environmental tax or deferred payment thereof. The procedure for adoption and annulment of the decision on postponement payment of environmental tax or deferred payment thereof shall be established by the Government. In accordance to this part, the customs authority shall charge interests for the postponement of payment of tax amounts or

deferred payment thereof, in the amount, manner and within the time limits prescribed by Article 60 of the Customs Code of the Eurasian Economic Union.

(Article 181 amended by HO-68-N of 25 June 2019, edited by HO-62-N of 20 January 2021, supplemented by HO-257-N of 15 June 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 182. Crediting environmental tax amount to single account, offset and/or refund thereof

1. The amounts paid in excess of the environmental tax liabilities, prescribed by the Code, with respect to which a requirement for submitting a tax calculation report is prescribed by this Section shall be credited to the single account in the manner and within time limits prescribed by the part of the Code with regard to tax administration.

2. The amounts paid in excess of the environmental tax liabilities, prescribed by the Code, with respect to which a requirement for submitting a tax calculation report is not prescribed by this Section shall be offset and/or refunded in the manner prescribed by the Government, except for the case prescribed by part 3 of this Article.

3. The amounts prescribed by the Code, paid to the customs authorities in excess of the environmental tax liabilities, shall be offset and/or refunded in the manner prescribed by the tax authority.

(Article 182 amended by HO-261-N of 23 March 2018, supplemented by HO-257-N of 15 June 2022)

SECTION 9

ROAD TAX

CHAPTER 35

ROAD TAX, TAXPAYERS AND AUTHORISED BODIES

Article 183. Road tax

1. Road tax shall mean the tax paid to the state budget in accordance with this Section for the purpose of development of the road network in the Republic of Armenia and generation of funds necessary for the construction, repair and maintenance of public roads in the Republic of Armenia.

Article 184. Road tax payers

1. Road tax payers shall mean the organisations and natural persons considered to be owners of the motor vehicles prescribed by this Section or persons (representatives) authorised thereby carrying out the activity and/or performing the function considered a taxable object prescribed by Article 186 of the Code, as well as those using the roads for the purpose of carrying out the activity and/or performing the function prescribed by this Article.

2. Taxpayers paying road tax for using the roads of the Republic of Armenia with motor vehicles not registered (not record-registered) in the Republic of Armenia shall include those entering the Republic of Armenia (including from EAEU member states) with motor vehicles prescribed by this Section (except for the motor vehicles placed under the customs procedure of Release for domestic consumption) not registered (not record-registered) in the Republic of Armenia.

3. (part repealed by HO-68-N of 25 June 2019)

4. Taxpayers paying road tax for placement of advertisements on public roads of the Republic of Armenia shall include those placing advertisements (advertising media) on public roads of the Republic of Armenia (except for the routes passing through the boundaries of residential areas), as well as right-of-ways and protection zones of these roads.

(Article 184 amended by HO-68-N of 25 June 2019, HO-498-N of 10 December 2020)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 185. Used concepts and authorised bodies

1. Concepts used in the Laws of the Republic of Armenia “On roads”, “On transport”, “On motor transport” and “On road traffic safety” and in legal acts adopted in compliance therewith are used in this Section in the context and the meaning used in those legal acts, unless otherwise prescribed by this Section.

2. Concepts used in this Section for the purpose of regulation of relations pertaining to the calculation and payment of road tax with regard to transfer of motor vehicles across the EAEU customs border which are nor explained in this Section, are used in the meaning prescribed by Annex No 24 (to the Protocol on systematic (coordinated) transport policy) of the Agreement on Eurasian Economic Union of 29 May 2014, the Customs Legislation of the EAEU and the laws and other legal acts of the Republic of Armenia regulating customs relations.

3. Within the meaning of this Section of the Code, the concept “authorised body” prescribed by Article 4 of the Code shall mean the following:

(1) body ensuring road traffic safety — authorised state administration body of the Government in the field of road traffic safety;

(2) state road authority — authorised state administration body of the Government in the field of transport.

(Article 185 amended by HO-261-N of 23 March 2018)

CHAPTER 36

OBJECT TAXABLE UNDER ROAD TAX, TAX BASE AND RATES

Article 186. Object taxable under road tax

1. Object taxable under road tax shall mean:

(1) the use of the roads of the Republic of Armenia with a truck not registered (not record-registered) in the Republic of Armenia;

(2) ***(point repealed by HO-68-N of 25 June 2019)***

(3) placement of advertisements on the public roads of the Republic of Armenia.

(Article 186 amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 187. Road tax base

1. The road tax base shall mean the value or physical quantity of the object taxable under road tax or the characteristic based on which the road tax amount is calculated at the rates and in the manner prescribed by this Section.

2. Road tax base for the use of the roads of the Republic of Armenia with a truck not registered (not record-registered) in the Republic of Armenia shall be the period comprising the entry into the Republic of Armenia with a truck and the length of stay in the Republic of Armenia expressed in days based on the maximum permitted weight of the truck (including of trailers and semi-trailers) expressed in tonnes.

3. ***(part repealed by HO-68-N of 25 June 2019)***

4. Tax base for placement of advertisements on the public roads of the Republic of Armenia shall be the surface area of the billboard placed on the public roads of the Republic of Armenia (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads expressed in square meters. In case of multifaceted billboards (having two or more facets), the tax base shall be the total of the surface area of all the facets of the billboard.

5. Within the meaning of part 2 of this Article, in the case of a motor vehicle with a tractor-unit-type car body and a combined rolling stock with a semi-trailer (road train), maximum permitted weight of the semi-trailer included in the structure of the road train expressed in tonnes, and in the case of a combined rolling stock put in motion by a semi-trailer (road train) — the total of the maximum permitted weight of the motor vehicles included in the structure of the rolling stock (including that of trailers and semi-trailers) expressed in tonnes shall serve as a basis for the determination of the tax base.

(Article 187 amended by HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, HO-498-N

of 10 December 2020)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 188. Road tax rates for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia

1. The road tax for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia shall be calculated for each 15 days of entry into the Republic of Armenia, based on the maximum permitted weight of the motor vehicle:

Trucks, maximum permitted weight	Rate for each entry into the Republic of Armenia (AMD)
up to 1,5 tonnes inclusive	15 000
over 1,5 tonnes and up to 3 tonnes inclusive	25 000
over 3 tonnes and up to 5 tonnes inclusive	40 000
over 5 tonnes and up to 10 tonnes inclusive	65 000
over 10 tonnes and up to 20 tonnes inclusive	80 000
over 20 tonnes and up to 30 tonnes inclusive	110 000
over 30 tonnes and up to 44 tonnes inclusive	152 000
over 44 tonnes and up to 60 tonnes inclusive	205 000
over 60 tonnes and up to 70 tonnes inclusive	233 000
over 70 tonnes and up to 80 tonnes inclusive	285 000
over 80 tonnes and up to 90 tonnes inclusive	318 000
over 90 tonnes and up to 100 tonnes inclusive	603 000
over 100 tonnes	753 000

Article 189. Road tax rates for the use of the roads of the Republic of Armenia with trucks registered (record-registered) in the Republic of Armenia

(Article repealed by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 190. Road tax rates for placement of advertisements on the public roads of the Republic of Armenia

1. The road tax for placement of advertisements on the public roads of the Republic of Armenia shall be calculated at the following annual rates:

(1) AMD 10 000 for each square meter of the surface area of the billboard placed on cross-border

roads (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads;

(2) AMD 7 500 for each square meter of the surface area of the billboard placed on national and marz roads (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads;

(3) AMD 0 for each square meter of the surface area of the billboard placed on cross-border, national and marz roads (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads in case of placing on the billboard a social advertisement recognised by the procedure prescribed by point 1.2 of Article 13 of the Law "On advertisement".

2. For each square meter of the surface area of the empty billboard placed on cross-border, national and marz roads (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads the road tax shall be calculated in the amount of 25 % of the tax prescribed by parts 1 or 2 of part 1 of this Article respectively.

3. Where the advertising media delivering advertising services has distributed and disseminated the advertisement of his or her organisation on cross-border, national and marz roads (except for the routes passing through the boundaries of residential areas), as well as on right-of-ways and protection zones of these roads only in terms of outdoor advertising activities, the road tax for each square meter shall be calculated in the amount of 10 % of the tax prescribed by parts 1 or 2 of part 1 of this Article respectively.

(Article 190 amended and supplemented by HO-498-N of 10 December 2020)

CHAPTER 37

ROAD TAX BENEFITS

Article 191. Road tax benefits

1. The following shall be exempt from the road tax for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia:

(1) foreign diplomatic representations and consulates accredited in the Republic of Armenia for the trucks intended for official use;

(2) road tax payers transporting humanitarian and technical aid, as well as transporting cargo into the territory of the Republic of Armenia within the framework of charity programmes with trucks intended for such transportations;

(3) road tax payers carrying out transportation to the military bases of the Russian Federation located in the Republic of Armenia with trucks intended for such transportations;

(4) ***(part repealed by HO-453-N of 15 November 2024)***

(5) road tax payers enjoying road tax benefits under international agreements;

(6) ***(point repealed by HO-180-N of 28 April 2021)***

1.1 Road tax payers entering the territory of the Republic of Armenia for the purpose of transit through the territory of the Republic of Armenia to the territory of third countries, as well as entering the territory of the Republic of Armenia with no purpose of transit shall — on a reciprocal basis — be exempt from the road tax for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia, or a lower road tax rate may be applied to these taxpayers on a reciprocal basis, when the Government establishes the country of registration (record-registration), type, number of trucks, and for the purpose of applying a lower rate — also the reduction amount of the tax rate or the reduced rate of the tax.

2. In accordance with part 1 of this Article, documents attesting to the right to enjoy road tax benefits with regard to the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia shall include:

(1) the diplomatic tax exemption card for the staff of foreign diplomatic representations and consulates accredited in the Republic of Armenia;

(2) for road tax payers transporting humanitarian and technical aid and cargo into the territory of the Republic of Armenia within the framework of charity programmes — the legal act on the implementation of the mentioned programme (including the international agreement of the Republic of Armenia) and — in the absence thereof — the decision of the authorised body;

(3) for road tax payers transporting cargo and soldiers to the military bases of the Russian Federation located in the Republic of Armenia — the certificate issued by the directorate of the military base of the Russian Federation;

(4) ***(point repealed by HO-453-N of 15 November 2024)***

(5) for road tax payers enjoying road tax benefits under the international agreements signed on behalf of the Republic of Armenia and ratified in the prescribed manner — the permit issued by the state road authority;

(6) for road tax payers entering the Republic of Armenia with vehicles registered (record-registered) in other countries in cases referred to in part 1.1 of this Article — the certificate of registration (record-registration) of vehicles.

3. ***(part repealed by HO-68-N of 25 June 2019)***

4. ***(part repealed by HO-68-N of 25 June 2019)***

(Article 191 amended by HO-261-N of 23 March 2018, HO-343-N of 21 June 2018, supplemented by HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, HO-180-N of 28 April 2021, amended, supplemented, edited by HO-453-N of 15 November 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

CHAPTER 38

CALCULATION AND PAYMENT OF ROAD TAX

Article 192. General procedure for the calculation of the road tax subject to payment to the State Budget

1. The road tax subject to payment to the State Budget shall be calculated for each taxable object prescribed by Article 186 of the Code based on the tax base and tax rates.

Article 193. Procedure for calculation and payment of road tax subject to payment to the State Budget for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia

1. Road taxes subject to payment to the State Budget for the use of the roads of the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia shall be calculated and paid as follows:

(1) for each entry into the Republic of Armenia the road tax shall be calculated at the fifteen-day rates prescribed by Article 188 of the Code and shall be paid to the State Budget when entering the Republic of Armenia;

(2) in the case of entering the Republic of Armenia more than once with the same vehicle within fifteen days following the day of entry to the Republic of Armenia, the road tax shall be calculated for each entry at the fifteen-day rates prescribed Article 188 of the Code and shall be paid to the State Budget for each entry to the Republic of Armenia;

(3) in the case of staying in the territory of the Republic of Armenia for more than fifteen days, the road tax for the following fifteen days or a shorter period shall be calculated at the fifteen-day rates prescribed by Article 188 of the Code and shall be paid to the State Budget within five days following the expiration of the fifteen-day period of stay in the Republic of Armenia (in the case referred to in point 2 of this part, from the day of the last entry). Receipt of made fees (or other documents confirming the payment) shall be kept by the road tax payers in order to prove the fact of payment of the road tax in future.

2. In the case of entry into the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia, the customs authorities shall check the validity of the road tax calculation or the right to enjoyment of road tax payment benefit, securing the surplus payment of the sum of the road tax following relevant adjustments. Within the meaning of this Article, documents confirming the payment of the road tax shall also include:

(1) customs declaration in the case of entry of motor vehicles from countries that are not members of the EAEU where the paid sum of the road tax is indicated;

(2) in the case of entry of trucks from member states of the EAEU, the receipts of payment of road taxes to the State Budget of the Republic of Armenia in the manner and amount prescribed by this Section or the receipts generated by the electronic system for state fees.

3. In the case of exit from the territory of the Republic of Armenia of trucks not registered (not record-registered) in the Republic of Armenia, the customs authorities shall check the fact of

calculation and payment of the road tax prescribed by this Section or the right to enjoyment of road tax benefit. In the case of underpayment of the road tax sum calculated as prescribed by point 3 of part 1 of this Article, customs authorities shall collect the underpaid amount of the road tax sum or the fines calculated as prescribed by the Code for the delay of payment of the tax during the exit of the motor vehicles by placing a stamp with a note “road tax paid through to:” on the receipts confirming the road tax payment and/or customs declaration of motor vehicles and once this has been done, the declarations and receipts cannot be used as documents confirming the road tax payment when entering the Republic of Armenia, in the territory of the Republic of Armenia or when exiting the Republic of Armenia.

4. When entering the Republic of Armenia or when exiting the Republic of Armenia with trucks not registered (not record-registered) in the Republic of Armenia, the road tax payers shall submit to the customs authorities, and when required in due procedure in the territory of the Republic of Armenia — to the road traffic safety body, the relevant documents confirming the road tax payment or the right to enjoyment of road tax benefits referred to in part 2 of Article 191 of the Code.

Article 194. Procedure for calculation and payment of road tax for the use of the roads of the Republic of Armenia with trucks registered (record-registered) in the Republic of Armenia

(Article repealed by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 195. Procedure for calculation and payment of road tax for placement of advertisements on roads

1. Road tax for placement of advertisements on public roads of the Republic of Armenia shall be calculated for the surface area of each billboard placed on public roads (except for the routes passing through the boundaries of residential areas), as well as right-of-ways and protection zones of these roads at the annual rates prescribed by Article 190 of the Code as follows:

(1) for each reporting quarter, the road tax shall be calculated by one fourth of the product of the surface area of the billboard and the relevant annual rate prescribed by Article 190 of the Code;

(2) where the billboard is placed during the tax year, the obligation to calculate the road tax shall arise from the day following the date of drawing up the document on conformity with technical specifications with the road authorities in the prescribed manner following the construction and installation works related to the placement of the billboard:

a. for the reporting quarter including the day of drawing up the document, the road tax shall be calculated as prescribed by point 1 of this part, proportionally to the number of days between the day following the day of drawing up the document and the last day of the reporting quarter;

b. for the quarters following the reporting quarter including the day of drawing up the document, except for cases prescribed by point 3 of this part, the road tax shall be calculated as prescribed by point 1 of this part;

(3) where the billboard is dismantled during the tax year:

a. the road tax for the reporting quarters preceding the reporting quarter including the day of dismantling shall be calculated as prescribed by point 1 of this part;

b. the road tax for the reporting quarter including the day of dismantling shall be calculated as prescribed by point 1 of this part, proportionally to the number of days between the first day of the quarter and the day preceding the day of dismantling;

c. no road tax shall be calculated for the quarters following the reporting quarter including the day of dismantling;

d. in the case of dismantling the billboard during the reporting quarter when the document on conformity with technical specifications has been drawn up, the road tax for the given reporting quarter shall be calculated as prescribed by point 1 of this part, proportionally to the number of days between the day of drawing up the document and the day of dismantling.

(4) where the social advertisement placed on the billboard is replaced an advertisement of another type during the tax year:

a. for the reporting quarter including the day of making a relevant note in the compliance act of technical conditions with the road authority, the road tax shall be calculated as prescribed by point 1 of this part, proportionally to the number of days between the day following the day of making a relevant note in the act and the last day of the reporting quarter;

b. for the quarters following the reporting quarter including the day of making a relevant note in the act, the road tax shall be calculated as prescribed by point 1 of this part, except for cases

prescribed by point 3 of this part;

(5) where the social advertisement placed on the billboard is replaced by another type of advertisement during the tax year through the violation of the procedure defined by the Government;

a. for the reporting quarter including the day of detecting the violation by the road authority, the road tax shall be calculated as prescribed by point 1 of this part, except for cases prescribed by point 3 of this part;

b. for the quarters following the reporting quarter including the day of recording the case of violation by the road authority, the road tax shall be calculated as prescribed by point 1 of this part, except for cases prescribed by point 3 of this part.

2. The sums of road tax calculated for each reporting quarter in accordance with this Article for placement of advertisements on state public roads of the Republic of Armenia shall be paid to the State Budget by the twentieth day inclusive of the month following the given reporting quarter, and within five working days following this day, a copy of the receipt confirming the payment and the receipt generated by the electronic system for the state fees or the 20-digit code of the generated receipt indicated in the notification sent in the manner approved by the state road authority shall be submitted to state road authorities.

(Article 195 amended and supplemented by HO-498-N of 10 December 2020)

CHAPTER 39

OFFSET AND/OR REFUNDING THE AMOUNT OF ROAD TAX

Article 196. Offset and/or refunding the amount of road tax

1. Procedure for the offset and/or refunding the amounts of road tax paid in excess of the amounts prescribed by the Code shall be prescribed by the Government, except for the case prescribed by part 2 of this Article.

2. The amounts prescribed by the Code, paid to the customs authorities in excess of the road tax liabilities, shall be offset and/or refunded in the manner prescribed by the tax authority.

(Article 196 amended by HO-261-N of 23 March 2018, supplemented by HO-257-N of 15 June 2022)

SECTION 10

NATURAL RESOURCES UTILISATION FEE

CHAPTER 40

NATURAL RESOURCES UTILISATION FEE, PAYERS AND AUTHORISED BODIES

Article 197. Natural resources utilisation fee

1. Natural resources utilisation fee shall mean the payment made to the State Budget of the Republic of Armenia in accordance with this Section for the efficient and integrated utilisation of natural resources considered to be state property, as well as for the purpose of compensating for the utilisation of natural resources.

2. Within the meaning of this Section, royalty shall be considered to be a type of natural resources utilisation fee which is a payment made to the State Budget of the Republic of Armenia in accordance with this Section for the purpose of compensating for the utilisation of metallic minerals, as well as for the profits derived from the sale of metallic minerals and the products derived as a result of processing of metallic minerals or of mining wastes.

(Article 197 supplemented by HO-266-N of 21 December 2017)

Article 198. Payers of natural resources utilisation fee

1. Payers of natural resources utilisation fee shall be the organisations and natural persons

prescribed by part 1 of Article 200 of the Code carrying out activities and/or performing operations considered to be objects of natural resources utilisation fee:

(1) payers of natural resources utilisation fee for the utilisation of surface water shall be the water users making use of surface water resources (rivers, lakes);

(2) payers of natural resources utilisation fee for the extraction of sweet and thermal groundwater shall be those extracting sweet and thermal groundwater (internal pressure and non-pressure artesian and annual renewable water resources);

(3) payers of natural resources utilisation fee for the extraction of mineral groundwater shall be the subsoil users involved in extraction of mineral groundwater of the Republic of Armenia (including for the produced carbon dioxide);

(4) payers of natural resources utilisation fee for the salt extraction shall be the subsoil users involved in salt extraction in the Republic of Armenia;

(5) payers of natural resources utilisation fee for the extraction of solid non-metallic minerals (except for salt) shall be the subsoil users involved in the extraction of solid non-metallic minerals (except for salt) in the Republic of Armenia;

(6) payers of natural resources utilisation fee for the utilisation of biological resources shall be those using the biological resources constituting objects of flora and fauna;

(7) royalty payers prescribed by part 2 of this Article.

2. Royalty payers shall be:

(1) organisations exploiting mines of metallic minerals and producing ore concentrates (hereinafter referred to as “concentrates”) or castings or any other products through the processing of ore, concentrates, castings;

(2) organisations exploiting mines of metallic minerals and producing any products from the metallic minerals extracted from these mines without concentrate formation;

(3) organisations producing ore concentrates and/or castings from waste of subsoil use and/or ore or any other products through the processing of waste of subsoil use, ore, concentrates, castings, irrespective of the fact of exploiting a mine of metallic minerals.

Article 199. Used concepts and authorised bodies

1. The concepts used in the Water, Subsoil and Forest Codes of the Republic of Armenia, the Laws of the Republic of Armenia “On National Water Programme”, “On flora”, “On fauna”, “On waste” and the legal acts adopted in accordance therewith shall be used in this Section in the context and the meaning used in these legal acts, unless otherwise prescribed by this Section.

2. Within the meaning of this Section, the concept “authorised body” prescribed by Article 4 of the Code shall have the following meaning:

(1) authorised body on subsoil use — state administration authorised body exercising state control over subsoil use and maintenance;

(2) environmental and subsoil use inspection authority — subdivision authorised to exercise administration and inspection in the field of subsoil use and protection, as well as administration and inspection over compliance with and fulfilment of the requirements of environmental legislation as prescribed by laws;

(3) environmental body — state management authorised body in the fields of environmental protection, preservation, protection, use and reproduction of flora and fauna.

(4) ***(point repealed by HO-266-N of 21 December 2017)***

(Article 199 edited and amended by HO-266-N of 21 December 2017, amended by HO-113-N of 4 March 2020)

CHAPTER 41

OBJECT OF NATURAL RESOURCES UTILISATION FEE, BASE AND RATES

Article 200. Object of natural resources utilisation fee

1. Objects of natural resources utilisation fee shall include:

(1) the use of surface waters;

(2) extraction of sweet and thermal groundwater;

(3) extraction of mineral groundwater (including the production of carbon dioxide);

(4) salt extraction;

(5) extraction of solid non-metallic minerals (except for salt);

(6) utilisation of biological resources;

(7) object of royalty — disposition of the product prescribed by Article 202 of the Code derived as a result of processing of the extracted metallic minerals or ore or waste of subsoil use.

Article 201. Base of natural resources utilisation fee

1. Base of natural resources utilisation fee shall be the value or physical value of the object of natural resources utilisation fee or the characteristic, based on which the sum of the natural resources utilisation fee is calculated at the rates and in the manner prescribed by this Section. In particular:

(1) base of natural resources utilisation fee for the use of surface waters shall be the actual amount of water withdrawn from surface water resources, irrigation ditches, i.e. from natural springs for utilisation purposes;

(2) base of natural resources utilisation fee for the extraction of sweet and thermal groundwater shall be the actual amount of used (extracted) water of sweet and thermal water resources (internal pressure and non-pressure artesian and annual renewable water resources), i.e. the amount of the water thrown (effused) onto the ground surface from boreholes (springs);

(3) base of natural resources utilisation fee for the extraction of mineral groundwater (including for the production of carbon dioxide) shall be:

a. the actual amount of the extracted mineral water, i.e. the amount of the water thrown (effused) onto the ground surface from boreholes (springs);

b. where along with the extraction of mineral groundwater, carbon dioxide is produced, the base of natural resources utilisation fee shall be the actual amount of the produced carbon dioxide;

(4) base of natural resources utilisation fee for salt extraction shall be the actual amount of extracted salt;

(5) base of natural resources utilisation fee for the extraction of solid non-metallic minerals (except for salt) shall be the depleted amount of the mineral resources (hereinafter also referred to as “depleted resource” in this Section), that is the sum of the amount of the extracted resources of minerals and the amount of the resources lost in the subsoil during the extraction, except for necessary technological losses. Within the meaning of this point, necessary technological losses shall be the losses of minerals occurring during the application of the technologies and systems chosen for the purpose of extraction of minerals during the exploitation of mines of solid non-metallic minerals which shall be indicated in the minerals extraction project and the maximum amount whereof cannot exceed the amount of the technological losses approved by the geological-economic substantiation having served as a basis for the evaluation of the mineral resources;

(6) base of natural resources utilisation fee for the utilisation of biological resources shall be the amount, weight or the unit (quantity) or any other physical characteristic of measurement constituting an object of flora and fauna.

Article 202. Royalty base

1. For the purpose of calculation of the royalty the following tax bases shall be applied:

(1) B_1 — the sales turnover of any end product derived from the supplied concentrate, casting instead of concentrate or casting without concentrate formation or as a result of processing waste of subsoil use, ore, concentrate, casting (hereinafter — with concentrate — referred to as “product” in this Section) during the reporting period;

(2) B_2 — profit before taxation, which shall be calculated as the positive difference of B1 and deductions prescribed by Section 6 of the Code (except for financial expenses, royalty prescribed by this Section and the tax losses of the previous years) directly related to B1;

(3) B_3 — profit before taxation, the amount whereof shall be determined through the following formula; moreover, based on B3, the amount of royalty shall be calculated only in case the B_3 is above 0 with the royalty payer:

$$B_3 = B_2 - FE - (B_1 \times R_1) - (B_2 \times R_2) - (B_1 \times 0.15)$$

Where: FE are the financial expenses calculated as prescribed by Section 6 of the Code, which are

taken into account for the purpose of calculation of B3 through the procedure, in the cases and amounts established by the Government, and R_1 and R_2 are the royalty rates prescribed by Article 209 of the Code.

Within the meaning of this Article, during the calculation of B_2:

(1) no deduction of financial expenses, royalty prescribed by this Section and tax losses of previous years shall be made from the sales turnover, irrespective of the fact those expenses and tax losses are related to exploitation of mines and/or production of metal concentrate;

(2) deductions of administrative expenses, sales turnover and other expenses of a payer of natural resources utilisation fee not related to production, shall be taken into account in the gross income in the proportion corresponding to the sales turnover of the royalty.

2. For the purpose of calculation of royalty, the sales turnover shall be determined by the accrual method.

3. The sales turnover of concentrate shall be calculated by the royalty payers as follows:

(1) physical volume of the supplied concentrate shall be the final content of metal in the supplied concentrate prescribed by the supply contract (based on the results of the final settlement carried out in accordance with the contract) concluded between the supplier and the buyer expressed in weight units (in grams or tonnes). Where under the supply contract, the supply and final settlement of the concentrate is carried out in different reporting periods of the royalty calculation, the content of metal expressed in weight units (in grams or tonnes) under the terms of the contract (according to the primary certificate of quality and the settlement documents issued by the supplier) shall serve as a physical volume for the calculation of the sales turnover during the reporting period of supply of the concentrate. Besides, for the purpose of calculation of the sales turnover of the concentrate, the final content of metals in the supplied concentrate determined on the basis of the conclusions given by the laboratories included in the list established by the Government shall be taken as a basis;

(2) the contract value for the supplied concentrate determined based on the price-fixing period and price quotation (based on the results of the final settlement carried out in accordance with the contract) under the contract on supply of concentrate concluded between the supplier and the buyer shall serve as the value of the physical volume of the supplied concentrate. In case the contract for the supply of concentrate prescribes a period longer than the period including the month following the month including the day of supply of the concentrate for the price-fixing, the international average prices of metals formulated for the month following the month including the day of supply of the concentrate shall be taken as basis for the calculation of the value of the physical volume of the supplied concentrate. Where under the contract on supply of concentrates, the supply of the concentrates and the final settlement are carried out in different reporting periods of the royalty calculation, the contract value determined and in effect under the terms of the contract at the moment of supply shall serve as the value of the physical volume for the calculation of the sales turnover during the reporting period of supply of the concentrate without the value added tax;

(3) the contract value determined under the contract on supply of goods concluded between the supplier and the buyer for the physical volume supplied during the reporting period (based on the results of the final settlement carried out in accordance with the contract) shall serve as the sales turnover of the concentrate supplied in the reporting period of royalty calculation (irrespective of the conditions of supply), having regard to the following:

a. within the meaning of royalty calculation, the maximum negative deviation rate of the volume determined at the moment of supply from the physical volume determined based on the results of the final settlement of the contract on supply of concentrate shall be two percent of the volume determined at the moment of supply;

a1. within the meaning of royalty calculation, while determining the sales turnover of concentrate, the metals paid for specific types of concentrate shall be deemed to be:

- in case of copper concentrates — copper, gold, silver, as well as other metals paid pursuant to the contract on sale of the concentrate;

- in case of molybdenum — molybdenum, as well as other metals paid pursuant to the contract on sale of the concentrate;

- in case of zinc — zinc, gold, silver, as well as other metals paid pursuant to the contract on sale of the concentrate;

- in case of other concentrates — metals paid pursuant to the contract on sale of the concentrate;

a2. within the meaning of royalty calculation, while determining the sales turnover of concentrate, the Government may prescribe:

- the maximum limits on the part (subject to deductions) not paid by the buyer for the paid metals. They shall be defined in the amount prescribed by the contract, if not being prescribed by the Government;

- the maximum limits on processing, refinement or similar costs (including transport) prescribed by the supply contract. The limits shall be published based on the data on processing and refinement

costs of metal concentrates published by specialized international periodicals, including “Wood Mackenzie”, “Metal Bulletin” or other international periodicals with similar reputation, by making reference to the relevant source. They shall be defined in the amount prescribed by the contract, if not being prescribed by the Government;

b. within the meaning of royalty calculation, the reduction in sales turnover due to greater deviations from the indices provided for by the contract that have been detected at the moment of supply or later (including the excessive decrease in prices of the chemical elements (penalty elements) giving rise to technological complexities in the supplied concentrate provided for by the contract, decrease in the contract price in case of violation of the permissible humidity index provided for by the contract) shall not be taken into account;

c. where based on the results of each month including the reporting period of the royalty, the royalty sales turnover is less by 15 or more percent than the sales turnover calculated based on the final content of metals subject to payment by this Code or under the supply contract and contained in the concentrate supplied during the same month and the global prices of the same metals for the given month, then the product of the final content of metals subject to payment by this Code or under the supply contract and contained in the supplied concentrate and 85 percent of the global average prices of the same metals for the given month shall be deemed to be the sales turnover for that month;

d. verifications following the final settlement of the royalty base provided for by the contract on supply of concentrates shall be performed and the results thereof shall be shown in the reporting period including the final settlement (shall be shown in the tax calculation reports of royalties of the given reporting period).

4. Sales turnover of castings shall be calculated by the royalty payer as follows:

(1) physical volume of castings shall be the weight of the concentrates supplied during the reporting period under the contract on supply of castings concluded between the supplier and the buyer, expressed in grams or tonnes;

(2) calculated value of the concentrate (physical volume of the concentrate) used for the casting supplied during the reporting period shall be the physical volume of the technologically substantiated concentrate actually used for the purposes of production of weight unit of casting, i.e. the final content of metals in the concentrate expressed in weight units (grams or tonnes);

(3) sales turnover of castings shall be calculated based on the physical volume of the concentrate used as applicable for the supplied casting, by applying the global average prices of metals contained in the concentrate.

5. Sales turnover of any end product derived as a result of processing of concentrates, castings by the royalty payer shall be calculated as follows:

(1) physical volume of the end product shall be the weight of all the metals used for the production of the product supplied in accordance with the contract on supply of the product concluded between the supplier and the buyer, expressed in grams or tonnes;

(2) in the end product, the technologically substantiated calculated value of the physical volume of the concentrate of the given metal (the final content of metals in the concentrate expressed in weight units (grams or tonnes) which was used in order to derive the metal of the given volume contained in the product supplied during the reporting period shall serve as a basis for the calculation of royalty for each metal;

(3) the sales turnover of the end product shall be calculated based on the physical value of the concentrate used as applicable for the supplied end product, by applying the global average prices of metals contained in the concentrate.

6. For the purpose of determining the sales turnover, the physical volume of any product derived as a result of the processing of ore without concentrate formation shall be the actual amount of metal contained therein, expressed in grams or tonnes. In the case of sale of the product prescribed by this part, the sales turnover shall be calculated based on the final content of metals (expressed in weight units (grams or tonnes), by applying the global average prices of metals.

7. Within the meaning of application of this Law, the global average price of a metal shall be the monthly price published by the authorised body of the Republic of Armenia in the field of finances based on the data received from the London Metal Exchange, and in case no data are published on any metal by the indicated source — based on the data of other international source with similar reputation (also publishing the information on the source).

(Article 202 supplemented and edited by HO-79-N of 1 March 2017, amended by HO-261-N of 23 March 2018, edited, supplemented and amended by HO-149-N of 15 June 2022)

(Law HO-149-N of 15 June 2022 has a final part and transitional provisions)

Article 203. Natural resources utilisation fee base limits

1. The following natural resources utilisation fee base limits shall be prescribed for the calculation of natural resources utilisation fee and application of rates:

(1) volumes of water use (irrigation ditches of surface waters) prescribed by the permits for the use of water issued in accordance with the Water Code of the Republic of Armenia for the utilisation of surface waters;

(2) volumes of sweet and thermal groundwater extraction prescribed by the permits for the use of water issued in accordance with the Water Code of the Republic of Armenia for the extraction of sweet and thermal groundwater;

(3) volumes of extraction of minerals provided for by the contract on subsoil use concluded for mining purposes in accordance with the Subsoil Code of the Republic of Armenia for extracted mineral groundwater resources (including the production of carbon dioxide), as well as for extracted salt resources;

(4) the actual depleted volumes indicated in the unified tax calculation reports of environmental tax and natural resources utilisation fee submitted for the corresponding reporting period within the total volumes of depletion of minerals provided for by the contract on subsoil use concluded between the subsoil user and the authorised body in accordance with the Subsoil Code of the Republic of Armenia for the depleted resources of solid non-metallic minerals. From the reporting period of exceeding the total volumes of depletion of minerals provided for by the contract on subsoil use until the change in the total volumes of depletion of minerals under the contract, the actual depleted volumes exceeding the total volumes of depletion of minerals provided for by the contract indicated in unified tax calculation reports of environmental tax and natural resources utilisation fee shall be considered to be volumes exceeding the limits;

(5) for the use of biological resources:

a. for the use of timber and secondary forest product — the volumes of timber and secondary forest product utilisation (storage) prescribed by the contracts on forest use (including by deforestation, forest use permits, small-scale distribution of standing timber) concluded in accordance with the Forest Code of the Republic of Armenia;

b. for the use of biological resources constituting objects of flora (except for timber and secondary forest product) — the volumes of use (storage, harvesting, livestock grazing and other uses) of plant resources prescribed by the permits or licences for the use of plant resources issued by the authorised body in accordance with the legislation of the Republic of Armenia;

c. for the use of biological resources constituting objects of fauna — the volumes of use of biological resources prescribed by the contract and licence on the use of animal resources concluded by the authorised body in accordance with the legislation of the Republic of Armenia.

2. For the purposes of calculation of the natural resources utilisation fee and application of rates, the natural resources utilisation fee base limits shall be deemed to be equal to zero in the following cases:

(1) for the use of surface waters — failure to obtain permits for the use of water in accordance with the Water Code of the Republic of Armenia or where the volumes of irrigation ditches of surface waters are not indicated in the permits for the use of water;

(2) for the extraction of sweet and thermal groundwater — failure to obtain permits for the use of water in accordance with the Water Code of the Republic of Armenia or where the volumes of the extraction of sweet and thermal groundwater are not indicated in the permits for the use of water;

(3) pursuant to the Subsoil Code of the Republic of Armenia, failure to enter into a contract on subsoil use on extraction of solid non-metallic minerals (including salt) and mineral groundwater or where the volumes subject to depletion or extraction are not indicated in the contract;

(4) pursuant to the Forest Code of the Republic of Armenia, failure to enter into a contract on forest use (including by deforestation, forest use permits, small-scale distribution of standing timber) for the use (storage) of timber and secondary forest product;

(5) pursuant to the legislation of the Republic of Armenia, failure to enter into a contract on the use of biological resources (except for timber and secondary forest product) or where the volumes subject to use are not indicated in the contract.

Article 204. Rates for the natural resources utilisation fee for the use of surface waters

1. The natural resources utilisation fee for the use of surface waters (except for Lake Sevan) shall be calculated at the following rates against the natural resources utilisation base (having regard to the provisions of part 5 of this Article):

Purpose (designation) of the use of surface	Rate per each cubic metre

waters	used during the reporting period (AMD)
For fishery purposes	1
For industrial purposes	0.5
For hydropower purposes	0.1
For drinking and domestic purposes, except for the case referred to in point 4	0.5
For organisations and local self-government bodies providing services of drinking water supply and water disposal	0.025
For irrigation purposes	0

2. Natural resources utilisation fee for the use of water from Lake Sevan shall be calculated at the following rates against the natural resources utilisation fee base (having regard to the provisions of part 5 of this Article):

Purpose of use of surface waters	Rate per each cubic metre used during the reporting period (AMD)
For irrigation	0.2
For other purposes	1.5

3. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code, the three-fold value of the rates prescribed by parts 1 and 2 of this Article shall be applicable as rates for the actually used volumes of water exceeding the limits of water use for any of the purposes prescribed by these parts.

4. In the case of zero limits of the base of the natural resources utilisation fee prescribed by part 2 of Article 203 of the Code, the following values of the rate prescribed by parts 1 and 2 of this Article shall be applicable as rates for the actual volumes of water used for any of the purposes prescribed by these parts:

(1) ten-fold of the rate in Ararat and Armavir marzes of the Republic of Armenia;

(2) five-fold of the rate in other territories of the Republic of Armenia.

5. From 1 January 2018, the natural resources utilisation fee rates for the use of surface waters shall be equal to the product of the rates prescribed by parts 1 and 2 of this Article and the coefficient of 1.1, from 1 January 2019 — the product of the rates prescribed by parts 1 and 2 of this Article and the coefficient of 1.2, and from 1 January 2020 — the product of the rates prescribed by parts 1 and 2 of this Article and the coefficient of 1.3.

(Article 204 supplemented by HO-320-N of 7 July 2022)

Article 205. Natural resources utilisation fee rates for the extraction of sweet and thermal groundwater

1. The natural resources utilisation fee for the extraction of drinkable sweet groundwater shall be calculated at the following rates against the natural resources utilisation fee base (having regard to the provisions of part 6 of this Article):

Purpose (designation) of the use of drinkable sweet groundwater	Rate per each cubic metre extracted during the reporting period (AMD)
For any purposes, except for the case referred to in point 2	1.0
For organisations and local self-government bodies providing services of drinking water	0.05

supply and water disposal	

2. Per each cubic metre of undrinkable sweet groundwater extracted during the reporting period for any other purposes than irrigation, the natural resources utilisation fee shall be calculated at the rate of AMD 1.0 (having regard also to the provisions of part 6 of this Article).

3. Per each cubic metre of thermal groundwater extracted during the reporting period for recreational purposes (including for use in swimming pools for leisure purposes), the natural resources utilisation fee shall be calculated at the rate of AMD 50 (having regard also to the provisions of part 6 of this Article).

4. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code, the three-fold value of the rates prescribed by parts 1-3 of this Article shall be applicable as rates for the actually extracted volumes of water exceeding the limits of extraction for any of the purposes prescribed by these parts.

5. In the case of zero limits of the base of the natural resources utilisation fee prescribed by part 2 of Article 203 of the Code, the following values of the rate prescribed by parts 1-3 of this Article shall be applicable as rates for the actual volumes of water extracted for any of the purposes prescribed by these parts:

(1) ten-fold of the rate in Ararat and Armavir marzes of the Republic of Armenia;

(2) five-fold of the rate in other territories of the Republic of Armenia.

6. From 1 January 2018, the natural resources utilisation fee rates for the use of sweet and thermal groundwater shall be equal to the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.1, from 1 January 2019 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.2, and from 1 January 2020 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.3.

Article 206. Natural resources utilisation fee rates for mineral groundwater and salt extraction

1. The natural resources utilisation fee for the extracted resources of mineral groundwater shall be calculated at the following rates against the natural resources utilisation fee base (having regard to the provisions of part 6 of this Article):

Purpose (designation) of extraction of mineral water	Rate per each cubic metre extracted during the reporting period (AMD)
For industrial purposes	5 650
For therapeutic purposes, including:	
a. for the purposes of balneotherapy (bathing, shower bath, hydromassage, enema, water drinking, etc):	300
b. for use in beverage rooms:	0
For production of carbon dioxide	230
For recreational purposes (including for use in swimming pools for leisure purposes)	75

2. The natural resources utilisation fee for the produced carbon dioxide shall be calculated at the following rates against the natural resources utilisation fee base (having regard also to the provisions of part 6 of this Article):

Mine	Rate per each cubic metre of produced carbon dioxide (AMD)
“Jermuk” mine	60
“Arzni” mine	70

“Hanqavan” mine	60
“Bjni” mine	55
“Lichk” mine	45
“Solak” mine	45
“Karashamb” mine	60
“Arzakan” mine	115
“Sayat-Nova” mine	115
Other mines	45

3. The natural resources utilisation fee for salt extraction shall be calculated at the following rates against the natural resources utilisation fee base (having regard also to the provisions of part 6 of this Article):

Extraction method	Rate per each extracted tonne (AMD)
In the form of rock salt	660
In the form of saline	70

4. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code, the three-fold value of the rates prescribed by parts 1-3 of this Article shall be applicable as rates for the actually extracted (produced) volumes exceeding the limits of extraction for any of the purposes prescribed by these parts.

5. In the case of zero limits of the base of the natural resources utilisation fee prescribed by part 2 of Article 203 of the Code, the five-fold value of the rates prescribed by parts 1-3 of this Article shall be applicable as rates for the actually extracted (produced) volumes exceeding the limits of extraction for any of the purposes prescribed by these parts.

6. From 1 January 2018, the natural resources utilisation fee rates for the extraction of mineral groundwater and salt shall be equal to the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.1, from 1 January 2019 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.2, and from 1 January 2020 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.3.

Article 207. Natural resources utilisation fee rates for the extraction of solid non-metallic minerals (except for salt)

1. The natural resources utilisation fee for the extraction of solid non-metallic minerals (except for salt) shall be calculated at the following rates against the natural resources utilisation fee base (having regard also to the provisions of part 4 of this Article):

(1) per each tonne of depleted resources of fuel and energy raw materials:

a. natural resources utilisation fee rates:

Type of the mineral	Rate (%)
Coal	5
Peat	3
Oil shale	3

b. fixed rates of natural resources utilisation fee:

Type of the mineral	Rate (AMD)
Coal	1 200
Peat	600
Oil shale	450

(2) per each cubic metre of depleted resources of raw materials for the production of construction materials:

a. natural resources utilisation fee rates:

Type of the mineral	Rate (%)
Raw materials for cement (clay, limestone, travertine, quartzites, magnesium silicate rocks, troctolite-peridotite rocks)	6
Limestone (for production of lime)	3
Clay	4
Natural mineral paints	4
Gypsum-bearing clay	4

b. fixed rates of natural resources utilisation fee:

Type of the mineral	Rate (AMD)
Raw materials for cement: clay, limestone, travertine, quartzites	360
Raw materials for cement: magnesium silicate rocks, troctolite-peridotite rocks	150
Limestone (for production of lime)	112
Clay	90
Gypsum-bearing clay	900
Natural mineral paints	4 500

(3) per each kilogram of depleted resources of coloured stones:

a. natural resources utilisation fee rates:

Type of the mineral	Rate (%)
Agate	6
Turquoise	6
Obsidian (rainbow obsidian)	6
Jasper	6
Onyx-like marble	5

Type of the mineral	Rate (%)
Listvenite	5
Obsidian	7

b. fixed rates of natural resources utilisation fee:

Type of the mineral	Rate (AMD)	
Obsidian	22	
Listvenite	2 250	
Onyx-like marble	monolith, facing stone	construction aggregate, crushed stone as raw material for artisan stones
	135	22

(4) per each unit of depleted resources of raw materials of metallurgical, chemical, light industry and other sectors of industry:

a. natural resources utilisation fee rates:

Type of the mineral (unit of measurement)	Rate (%)
Zeolite (cubic metre)	5
Pearlite (cubic metre)	6
Diatomite (cubic metre)	6
Bentonite (tonne)	4
Dunite and peridotite, magnesium silicate rocks, troctolite-peridotite rocks (tonne)	4
Refractory clay (tonne)	4
Andesite, basaltic andesite (acid-proof raw material) (tonne)	4
Sulfur (tonne)	3
Quartzite (raw material for glass, flux material) (tonne)	3
Dolomite (tonne)	3.5
Baryte (tonne)	5

b. fixed rates of natural resources utilisation fee:

Name of the mineral	Unit of measurement	Rate (AMD)
Andesite, basaltic andesite (acid-proof raw material), rhyolitic-dacitic tuff	tonne	90
Baryte	tonne	180
Bentonite	tonne	1 650
Diatomite	cubic metre	1 150
Dolomite	tonne	180

Name of the mineral	Unit of measurement	Rate (AMD)
Dunite and peridotite	tonne	450
Magnesium silicate rocks	tonne	150
Quartzite (raw material for glass, flux material)	tonne	1 600
Refractory clay	tonne	230
Pearlite	cubic metre	2 050
Zeolite	cubic metre	1 800
Grinding material	kg	23

(5) natural resources utilisation fee rates for each cubic metre of depleted resources of facing stones:

Type of the mineral	Rate (%)
Tuff	5
Felsic tuff (including decorative)	6
Granite (granodiorite, granosyenite)	7
Marble, marbleised limestone	5
Decorative marble	6
Conglomerates and conglo-breccia	7
Travertine	6
Basalt	4.5
Hyalobasalt	6

(6) natural resources utilisation fee rates for each cubic metre of depleted resources of construction stones:

Type of the mineral	Rate (%)
Tuff	4
Tuff sandstones	3.5
Basalt	3.5
Andesite, basaltic andesite, etc.	3.5
Porphyrite	3
Limestone	3.5

(7) natural resources utilisation fee rates for each cubic metre of depleted resources of construction aggregates and ballast raw materials:

Type of the mineral	Rate (%)
Scoria	3

Pumice	4
Sand and crushed stone mixture (sand, crushed stone, etc.)	3
Ballast raw materials (porphyrite, basalt, basaltic andesite, liparite, etc.)	3

(8) fixed rates of the natural resources utilisation fee for each cubic metre of depleted resources of facing stones, construction stones, construction aggregate and ballast raw materials:

Name of the mineral	Outcome of facing stones, construction stones from depleted resources (percent)	Rate (AMD)		
		facing stone	construction stone	construction aggregate and ballast raw material
Basaltic andesite, andesite, basalt, hyalobasalt, doleritic basalt, liparite and other similar varieties	up to 30	1 125	450	135
	30-40	1 350	630	
	40-50	1 575	720	
	over 50	1 800	900	
Gabbro, granite, tuff sandstones, monzonite, granodiorite, granosyenite and other similar varieties	up to 30	3 150	-	180
	30-40	4 500	-	
	40-50	5 850	-	
	over 50	6 750	-	
Conglomerate, conglo-breccia and other similar varieties	over 20	3 600	-	-
	20-30	4 500	-	
	30-40	5 400	-	
	over 40	6 300	-	
Marble, marbleised limestone, diabase porphyrite, diabase, porphyrites and other similar varieties	up to 20	2 700	-	1 350
	20-30	3 600	-	
	30-40	4 500	-	
	over 40	5 400	-	
Tuff, limestone and other similar varieties	up to 30	900	315	90
	30-40	1 125	450	
	40-50	1 350	585	
	over 50	1 575	675	
Felsic tuff, travertine, tuff-breccia, non-welded tuff sandstones and other similar varieties	up to 30	2 025	675	90
	30-40	2 250	900	
	40-50	2 475	1 125	
	over 50	2 700	1 350	
Scoria and other similar varieties		-	-	135

Name of the mineral	Outcome of facing stones, construction stones from depleted resources (percent)	Rate (AMD)		
		facing stone	construction stone	construction aggregate and ballast raw material
Pumice, pearlite and other similar varieties	-	-	-	157
Sand-and-grave, sand-grave-and-boulder mixtures and other similar varieties	-	-	-	157

2. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code, the five-fold value of the rates prescribed by part 1 of this Article shall be applicable as rates for the volumes of actually depleted resources exceeding the limits for each type of minerals prescribed by the same part.

3. In the case of zero limits of the base of the natural resources utilisation fee prescribed by part 2 of Article 203 of the Code, the five-fold value of the rates prescribed by part 1 of this Article shall be applicable as rates for the volumes of actually depleted resources exceeding the limits for each type of minerals prescribed by the same part.

4. From 1 January 2018, the fixed rates of natural resources utilisation fee for the extraction of solid non-metallic minerals shall be equal to the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.1, from 1 January 2019 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.2, and from 1 January 2020 — the product of the rates prescribed by parts 1-3 of this Article and the coefficient of 1.3.

(Article 207 supplemented by HO-191-N of 25 October 2017, amended by HO-266-N of 21 December 2017)

Article 208. Natural resources utilisation fee rates for the use of biological resources

1. For the use of biological resources constituting objects of flora, the natural resources utilisation fee shall be calculated at the following rates against the natural resources utilisation base (having regard to the provisions of part 7 of this Article):

(1) in the case of use (storage) of timber and secondary forest product, for use of each cubic metre of the tree type:

Forest tree species	Distance (km)	Rate (AMD)				
		barkless construction timber, according to the cross section (cm)			engineering timber (1 metre in length, barky)	Firewood (1 metre in length, barky)
		over 25	13 through 25	3 through 13		
Oak, ash, maple, elm	up to 10 inclusive	5 700	5 250	4 380	2 600	700
	10 through 25	4 390	4 040	3 370	2 040	630
	25 through 40	3 990	3 670	3 070	1 670	560
	over 40	3 420	3 150	2 630	1 300	420
Pine, tilia	up to 10 inclusive	3 300	3 000	2 540	1 200	700
	10 through 25	2 540	2 310	1 950	1 060	630
	25 through 40	2 310	2 100	1 780	930	560

Forest tree species	Distance (km)	Rate (AMD)				
		barkless construction timber, according to the cross section (cm)			engineering timber (1 metre in length, barky)	Firewood (1 metre in length, barky)
		3 and over	2 through 25	1 through 13		
Beech	up to 10 inclusive	2 700	2 310	1 980	1 500	700
	10 through 25	2 310	2 080	1 780	1 155	630
	25 through 40	2 100	1 890	1 620	1 050	560
	over 40	1 800	1 620	1 390	900	420
Hornbeam and other tree species	up to 10 inclusive	1 250	1 100	960	500	420
	10 through 25	960	850	740	360	350
	25 through 40	870	770	680	280	280
	over 40	750	660	580	250	210

The below-listed concepts used in this point shall be used in the following meanings:

a. snag — a standing tree which has dried up due to natural ageing, severe deterioration of conditions for forest growth, natural disasters (wildfire), diseases, severe contamination by pests and due to other causes;

b. utilisation of timber — lopping off of separate twig, removal of stumps and transfer thereof from the forest, collection of waste wood and removal thereof from the forest;

c. distance — the distance between the forest boundary (where the timber will be removed from through the forest road) and the place of tree felling;

(2) for the use of each unit of plants for industrial purposes:

a. for each kilogram of widely used medicinal plants (helichrysum plicatum, valerian, cephalaria gigantea, grey germander, Hypericum perforatum (St John’s wort), white bryony, red bryony, common leonurus, common origanum, common tussilago (coltsfoot), wormwood, black elder, rowan, chicory, broadleaf plantain, thymus kotschyanus, small-leaved lime, common barberry, hawthorn (midland hawthorn)):

Aerial parts	AMD 100
Roots	AMD 300

b. for each kilogram of medicinal plants not referred to in sub-point (a) of this point:

Aerial parts	AMD 50
Roots	AMD 200

c. for each kilogram of widely-used food plants (bulbous chervil, sickleweed, Solomon’s seal, Eurasian Solomon’s seal, foxtail lilies, garden asparagus, small-fruited hornbeam, curly dock):

Aerial parts	AMD 15
Roots	AMD 50

d. for each kilogram of food plants not referred to in sub-point (c) of this point:

Aerial parts	AMD 10

Roots	AMD 30

e. for each kilogram of engineering plants:

Aerial parts	AMD 50
Roots	AMD 150

f. for each unit (item) of ornamental plants:

Aerial parts	AMD 10

g. for each kilogram of plant resins: AMD 500;

(3) for each kilogram of fruits, berries and walnuts used for industrial purposes:

Fruits, berries	AMD 30
Acorn (oak nut), walnut	AMD 60

(4) for the single (non-recurrent) use of each hectare of the lands of forest reserve for agricultural, i.e. hay making purposes, AMD 2 000;

(5) for the use of the lands of forest reserve for agricultural, i.e. grazing purposes per each animal (cattle and small cattle, suidae, horses) and per each day:

In improved pastures	AMD 3
In natural pastures	AMD 2

2. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code:

(1) for actual volumes of the use (storage) of each tree type exceeding the limits for the use (storage) of timber and secondary forest product, the ten-fold value of the rates prescribed by point 1 of part 1 of this Article shall be applicable;

(2) for each type of used biological resources exceeding the limits for the use of biological resources not referred to in point 1 of this part, the three-fold value of the rates prescribed by sub-points 2-5 of part 1 of this Article shall be applicable as rates.

3. In the case of zero limits of the natural resources utilisation fee base prescribed by part 2 of Article 203 of the Code:

(1) in the case of use (storage) of timber and secondary forest product, the ten-fold value of the rates prescribed by point 1 of part 1 of this Article shall be applicable as rates for the actual volumes of use (storage) of each tree type;

(2) in the case of use of the biological resources not referred to in point 1 of this part, the three-fold value of the rates prescribed by sub-points 2-5 of part 1 of this Article shall be applicable as rates for each type of used biological resources.

4. For the use of the biological resources constituting objects of fauna, the natural resources utilisation fee shall be calculated at the following rates against the natural resources utilisation base (having regard to the provisions of part 7 of this Article):

(1) for the use of animal species for agricultural, industrial, social (except for sub-point “j” of this point), environmental, healthcare and reproductive purposes:

Animal species	Rate (AMD)
(a) for the use of each unit of mammals	
Wild boar	50 000
European badger (meles)	2

Animal species	Rate (AMD)
Vulpes	500
Stone marten	2 000
Coypu	500
Russian desman	500
Leporidae	800
Squirrel	300
Dormouse	200
Talpidae	20
Roe deer	85 000
Jungle cat	50 000
Lynx	50 000
Water cat	10
(b) for the use of each unit of birds	
Black kite	10 000
Hen harrier	10 000
Sparrowhawk	5 000
Common buzzard	10 000
Steppe buzzard	10 000
Rough-legged buzzard	10 000
Common kestrel	5 000
Hobby	30 000
Other falconiformes (except for the species included in the Red List of Animals of the Republic of Armenia)	5 000
Anseriformes (Eurasian teal, mallard, garganey, common pochard, tufted duck)	500
Partridge	500
Quail	100
Coot	300
Ruff, redshank, snipe	100
Columbiformes (common turtle dove, rock dove, wood pigeon)	100

Animal species	Rate (AMD)
Cuculiformes	200
Common nightjar	500
Common lapwing	500
Swift	300
River kingfisher	300
Hoopoe	100
Woodpecker	300
Passeriformes (house sparrow, common starling, common blackbird, fieldfare, Eurasian skylark, calandra lark)	100
Moorhen	500
European bee eater	1 500
(c) for the use of each unit of reptiles:	
Blunt-nosed viper	3 000
Other species of snakes (except for the species included in the Red List of Animals of the Republic of Armenia)	1 000
Caspian turtle	200
(d) for the use of each unit of amphibians	
Frogs (marsh frog, Caucasian frog) (kg)	70
Common tree frog (unit)	200
Green toad (unit)	10
(e) for the use of each unit of molluscs	
Swan mussel (unit)	20
Roman snail (kg)	200
Other molluscs (kg)	100
(f) for the use of each unit of arthropods	
Crayfish (kg)	50
Broad-tailed scorpion (unit)	20
Other arthropods (unit)	10
(g) for the use of each kilogram of fish	
Coregonus	50
Wels catfish	400
Grass carp, black carp, bighead carp	500
Trout	1 000
Crucian carp	20
Cyprinus	100
Other fishes not referred to in the list (except for the fishes included	30

in the Red List of Animals of the Republic of Armenia) Animal species	Rate (AMD)

(h) in the case of the use of snake venom, the natural resources utilisation fee rate for each gram of venom shall be calculated by applying the coefficient of 3.0 against the rate prescribed by sub-point “c” of this point for the relevant type of snake;

(i) in the case of the use of caviar, the natural resources utilisation fee rate for each kilogram of caviar shall be calculated by applying the coefficient of 10.0 against the relevant rates prescribed by sub-point “g” of this point;

(j) in case of amateur fishing for persons of retirement age, the coefficient 0.0 shall be applied against the relevant rates prescribed by sub-point “g” of this point;

(2) for the use of the types of wild animals included in the Red List of Animals of the Republic of Armenia for environmental, healthcare and reproductive purposes:

Wild animal species	Rate (AMD)
(a) for each unit of mammals:	
Mediterranean horseshoe bat, Mehley’s horseshoe bat, Blasius’s horseshoe bat, common bent-wing bat, Araks bat, Armenian bat, Bechstein’s bat, Asian barbastelle, brown long-eared bat, European free-tailed bat	2 500
Long-eared hedgehog	2 500
Transcaucasian water shrew	2 500
Etruscan shrew	2 500
Indian crested porcupine or porcupine	7 000
Dahl’s jird, Armenian birch mouse, Shidlovsky’s pine vole, small five-toed jerboa, Asia Minor ground squirrel	2 500
Brown bear	350 000
Marbled polecat	10 000
Eurasian otter	50 000
Wildcat (subtype: European wild cat)	50 000
Leopard (subtype: Caucasian leopard)	800 000
Pallas’s cat	20 000
Wild goat	500 000
Armenian mouflon	600 000
Hyena	100 000
Caspian red deer, maral	300

Wild animal species	Rate (AMD)
(b) for each unit of birds:	
Northern goshawk	50 000
Egyptian vulture	50 000
Red kite, white-tailed eagle, steppe eagle, Eastern imperial eagle, tawny eagle, booted eagle, osprey	25 000
Saker falcon, perefrine falcon	75 000
Griffon vulture, cinereous vulture	25 000
Lammergeier (bearded vulture)	50 000
Short-toed snake eagle, lesser kestrel	7 500
Pallied harrier, Montagu’s harrier, levant sparrowhawk	7 000
Red-footed falcon, merlin, lanner falcon	5 000
Lesser spotted eagle, greater spotted eagle	2 500
Common pheasant	5 000
Black francolin	5 000
Eurasian oystercatcher, Kentish plover, greater sand plover, sociable lapwing, white-tailed lapwing, black-tailed godwit, Eurasian curlew, great snipe, black-winged stilt, pied avocet, collared pratincole, black-winged pratincole, Armenian gull	2 500
Gull-billed tern, little tern, whiskered tern	2 000
Eurasian eagle-owl	5 000
Boreal owl	2 500
Black-bellied sandgrouse	2 000
Red-necked grebe	2 500
Great white pelican, Dalmatian pelican	20 000
Great cormorant, pygmy cormorant	7 500
Black stork	7 000
Spoonbill	10 000

Wild animal species	Rate (AMD)
Glossy ibis	7 500
Greater flamingo	20 000
White-headed duck or stiff-tailed duck, greylag goose, red-breasted goose, lesser white-fronted goose, greater white-fronted goose, ruddy shelduck, common shelduck, ferruginous duck, northern shoveller	5 000
Mute swan, whooper swan, Bewick’s swan	20 000
Marbled duck	7 000
Velvet scoter	5 000
Caucasian black grouse	5 000
See-see partridge	5 000
Caspian snowcock (tetraogallus caspius)	12 500
Corncrake, Western swamphen	5 000
Little bustard, great bustard	15 000
Kurdish wheatear, Savi’s warbler, Paddyfield warbler, semicollared flycatcher, sombre tit	1 500
Eastern rock nuthatch	2 000
Wallcreeper	2 000
Grey-necked bunting	2 000
Crossbill	1 500
Spanish sparrow	1 000
Common crane, demoiselle crane	15 000
Blue-cheeked bee-eater	2 500
European roller	1 500
Black woodpecker	2 500
Citrine wagtail	1 500
Woodchat shrike	1 500

Wild animal species	Rate (AMD)
Alpine chough	2 500
White-throated robin	1 500
Trumpeter finch	1 500
(c) for each unit of reptiles:	
Transcaucasian rat snake, European cat snake, eirenis persicus, black-headed ground snake, Darevsky’s viper, Armenian steppe viper, Armenian viper or Radde’s viper	3 000
Horvath’s toadhead agama, Chernov’s snake-eyed skink, golden grass mabuya, Schneider’s skink, steppe runner, Transcaucasian racerunner, lizard of Asia Minor, meadow lizard, Dahl’s lizard, Rostombekov’s lizard, white-bellied lizard	1 500
Spur-thighed tortoise	2 000
(d) for each unit of amphibians:	
Northern banded newt	1 000
Syrian spadefoot	1 000
(e) for each unit (kilogram) of fish:	
Asp	2 000
Trout	8 000
Sevan barbell	2 500
Sevan khramulya	2 000
Armenian roach	1 500
Kura gudgeon	1 500
Golden-spined loach	1 500

5. In the case of exceeding the natural resources utilisation fee base limits prescribed by part 1 of Article 203 of the Code, the three-fold value of the rates referred to in part 4 of this Article shall be applicable for the actual volumes of use of each type exceeding the limits for the use of biological resources constituting objects of fauna.

6. In the case of zero limits of the base of the natural resources utilisation fee prescribed by part 2 of Article 203 of the Code, the three-fold value of the rates referred to in part 4 of this Article shall be applicable for the actual volumes of use of each type of biological resources constituting objects of fauna.

7. From 1 January 2018, the natural resources utilisation fee rates for the use of biological resources shall be equal to the product of the rates prescribed by parts 1 and 4 of this Article and the coefficient of 1.1, from 1 January 2019 — the product of the rates prescribed by parts 1 and 4 of this Article and the coefficient of 1.2, and from 1 January 2020 — the product of the rates prescribed by parts 1 and 4 of this Article and the coefficient of 1.3.

(Article 208 amended and supplemented by HO-76-N of 23 March 2022)

Article 209. Royalty rate

1. For the royalty bases prescribed by part 1 of Article 202 of the Code, the following royalty bases shall be established:

(1) for B_1 — R_1, which equals to 4 percent;

(2) for B_2 — R_2, which equals to 12.5 percent;

(3) for B_3 — R_3, which equals to 15 percent.

(Article 209 edited by HO-149-N of 15 June 2022)

(Law HO-149-N of 15 June 2022 has a final part and transitional provisions)

CHAPTER 42

BENEFITS OF NATURAL RESOURCES UTILISATION FEE

Article 210. Benefits of natural resources utilisation fee

1. The benefits for natural resources utilisation fee shall be prescribed by the laws of the Republic of Armenia.

CHAPTER 43

CALCULATION OF NATURAL RESOURCES UTILISATION FEE

Article 211. Reporting period

1. Each reporting quarter shall be deemed to be a reporting period for calculation and payment of the natural resources utilisation fee, except for the case prescribed by part 2 of this Article.

2. Every reporting year shall be deemed to be a reporting period for calculation and payment of a royalty.

Article 212. Procedure for record-keeping of the actual volumes deemed to be objects of natural resources utilisation fees

1. For the purpose of keeping records of used surface water resources and extracted resources of sweet groundwater and thermal waters, the payers of natural resources utilisation fees shall install and exploit flow gauges (water metres) with online data transfer in the procedure and within the time limits prescribed by the Government, which shall be subject to sealing by the state authorised bodies prescribed in the same procedure as prescribed by the Government. The data on the volume of used and extracted resources shall be recorded in the procedure and within time limits prescribed by the Government in a joint act of the representatives of relevant authorised bodies and the payer of the natural resources utilisation fee.

2. For the purpose of keeping records of extracted resources of mineral waters, as prescribed by the Government, the payers of natural resources utilisation fee shall:

(1) install flow gauges (water metres) on the water-pipe (hereinafter referred to as “the primary pipe”) coming out of the gas shut-off installed directly on the borehole (spring) when exploiting the mineral water borehole (spring) for only one purpose;

(2) install flow gauges (water metres) on each pipe separated for each purpose of using mineral water connected to the primary pipe when exploiting the mineral water borehole (spring) for more than one purpose simultaneously;

(3) install a gas metre on the part ahead of the apparatus for obtaining carbon dioxide in the case an apparatus (apparatuses) for obtaining carbon dioxide is (are) installed or connected on the gas pipe coming out of the gas shut-off for the purpose of obtaining carbon dioxide.

The flow gauges (water metres) and gas metres referred to in this part shall be subject to sealing by the state authorised bodies in the same procedure as prescribed by the Government. The data on the volume of extracted resources shall be recorded in the procedure and within time limits prescribed by the Government in a joint act of the representatives of tax authority and the payer of

the natural resources utilisation fee.

(Article 212 amended by HO-261-N of 23 March 2018 , supplemented, amended by HO-320-N of 7 July 2022)

Article 213. General procedure for calculating natural resources utilisation fee subject to payment to the State Budget

1. Natural resources utilisation fee subject to payment to the State Budget (except for the case prescribed by part 2 of this Article) shall be calculated for each object of natural resources utilisation fee based on the natural resources utilisation fee base and rates as prescribed by Article 200 of the Code, taking into account the fee base limits.

2. The royalty subject to payment to the State Budget shall be calculated for each reporting period by the sum of the royalty bases prescribed by part 1 of Article 202 of the Code and the amounts calculated by the product of the respective rates prescribed by Article 209 of the Code.

(Article 213 amended by HO-149-N of 15 June 2022)

(Law HO-149-N of 15 June 2022 has a final part and transitional provisions)

Article 214. Procedure for calculating the natural resources utilisation fee subject to payment to the State Budget for surface water use

1. Natural resources utilisation fee subject to payment to the State Budget for surface water use shall be calculated based on the volume of water directly taken from natural water springs for the purpose of using it in the reporting period, taking into account the base limits of natural resources utilisation fees, as well as peculiarities prescribed by part 2 of this Article.

2. Payers of natural resources utilisation fees carrying out fishery and crayfish breeding activities shall calculate the natural resources utilisation fee subject to payment to the State Budget for water use based on:

(1) 10 percent of the total volume of surface waters used in Ararat and Armavir marzes of the Republic of Armenia;

(2) 5 percent of the total volume of surface waters used in other territories of the Republic of Armenia.

3. Natural resources utilisation fee subject to payment to the State Budget for surface water use shall be calculated on the basis of the volume of water taken from natural water springs for the purpose of using it in the reporting period (the volume of water recorded in the reporting period by flow gauges (water metres) installed by water users in the manner prescribed by the Government) and the rates prescribed by Article 204 of the Code.

4. For the period when the payers of natural resources utilisation fee have failed to maintain record-keeping of the actual volumes deemed to be an object of natural resources utilisation fee subject to payment to the State Budget for surface waters, or have maintained record-keeping of it with violations of the prescribed procedure, the natural resources utilisation fees shall be calculated (including by the tax authority) on the basis of water use volumes prescribed by water use permissions issued pursuant to the Water Code of the Republic of Armenia and the rates prescribed by Article 204 of the Code.

(Article 214 supplemented by HO-320-N of 7 July 2022)

Article 215. Procedure for calculating the natural resources utilisation fee subject to payment to the State Budget for extraction of sweet groundwater and thermal waters

1. Natural resources utilisation fee subject to payment to the State Budget for extracted resources of sweet groundwater and thermal waters shall be calculated based on the volumes of water extracted in the reporting period, taking into account the base limits of natural resources utilisation fee, as well as peculiarities prescribed by part 2 of this Article.

2. Payers of natural resources utilisation fees carrying out fishery and crayfish breeding activities shall calculate the natural resources utilisation fee subject to payment to the State Budget for water use based on:

(1) 50 percent of the total volume of the extracted resource of ground waters in Ararat and Armavir marzes of the Republic of Armenia;

(2) 5 percent of the total volume of the extracted resource of ground waters in other territories of the Republic of Armenia.

3. Natural resources utilisation fee subject to payment to the State Budget for extracted resources of sweet groundwater and thermal waters shall be calculated on the basis of the volume of water extracted from the borehole (spring) in the reporting period (the volume of water recorded in the reporting period by flow gauges (water metres) installed by water users as prescribed by the Government) and the rates prescribed by Article 205 of the Code.

4. Within the meaning of this Article, extracted resources of sweet groundwater and thermal waters shall be the volume of the water flown onto (pumped out to) the surface of the earth from a borehole (spring) in the reporting period.

5. For the period when the payers of natural resources utilisation fee have failed to maintain record-keeping of the actual volumes deemed to be an object of natural resources utilisation fee subject to payment to the State Budget for sweet groundwater and thermal waters, or have maintained record-keeping of it with violations of the prescribed procedure, the natural resources utilisation fees shall be calculated (including by the tax authority) on the basis of water use (sweet groundwater (underground water) and thermal waters extraction) volumes prescribed by water use permissions issued pursuant to the Water Code of the Republic of Armenia and the rates prescribed by Article 205 of the Code when exploiting the borehole (spring) of sweet groundwater and thermal waters.

(Article 215 amended by HO-261-N of 23 March 2018)

Article 216. Procedure for calculating the natural resources utilisation fees subject to payment to the State Budget for extracted resources of mineral groundwater and salts

1. Natural resources utilisation fee subject to payment to the State Budget for extracted resources of mineral groundwater (as well as carbon dioxide produced) shall be calculated based on the volumes of extracted water, as well as carbon dioxide produced in the reporting period, taking into account the base limits of natural resources utilisation fee.

2. Natural resources utilisation fee subject to payment to the State Budget for extracted resources of mineral groundwater shall be calculated on the basis of:

(1) the volume of water recorded in the reporting period by flow gauges (water metres) (primary flow gauge) installed by water users as prescribed by the Government and the relevant rate prescribed by Article 206 of the Code for the given purpose of exploitation, when exploiting the mineral water borehole (spring) for only one purpose;

(2) the volume of water recorded in the reporting period by each flow gauges (water metres) (separated flow gauge) installed by water users as prescribed by the Government and the relevant rate prescribed by Article 206 of the Code as the sum total of natural resources utilisation fees calculated for separate purposes of exploitation, when exploiting the mineral water borehole (spring) for more than one purpose at a time;

(3) in the case an apparatus (apparatuses) for obtaining carbon dioxide is (are) installed (connected) on the gas pipe coming out of the gas shut-off for the purpose of obtaining carbon dioxide, the natural resources utilisation fee for the carbon dioxide produced by the water user shall be calculated on the basis of the volume of carbon dioxide recorded in the reporting period by the gas metre installed on the gas pipe coming out of the gas shut-off as prescribed by the Government and the relevant rate prescribed by Article 206 of the Code for a mineral mine.

3. For the period when the payers of natural resources utilisation fee have failed to maintain record-keeping of actual volumes deemed to be an object of natural resources utilisation fee subject to payment to the State Budget for mineral groundwater and carbon dioxide, or have maintained record-keeping of it with violations of the prescribed procedure, the natural resources utilisation fees shall be calculated (including by the tax authority) on the basis of:

(1) the volume of extracted water (including calculated and recorded by a relevant authorised body) and the rate prescribed by Article 206 of the Code for the given purpose of exploitation, when exploiting the mineral water borehole (spring) for only one purpose;

(2) the volume of water recorded by a primary flow gauge, and in the case of absence thereof — extracted (including calculated and recorded by a relevant authorised body) from a mineral water borehole (spring) and the highest of the natural resources utilisation fee rates prescribed by Article 206 of the Code for the given purpose of actual exploitation of the given mineral water borehole (spring), when exploiting the mineral water borehole (spring) for more than one purpose;

(3) in case no gas metre is installed (connected) on the gas pipe coming out of the gas shut-off for the purpose of obtaining carbon dioxide, the volume of mineral water actually extracted (including calculated and recorded by a relevant authorised body) from the given borehole (spring) and the rate prescribed by Article 206 of the Code for the extraction of mineral water for the purpose of obtaining carbon dioxide.

(Article 216 amended by HO-261-N of 23 March 2018)

Article 217. Procedure for calculating the natural resources utilisation fee subject to payment to the State Budget for extracted resources of salt

1. Natural resources utilisation fee subject to payment to the State Budget for extracted resources of salt shall be calculated based on the volumes of salt extracted in the reporting period and the rates prescribed by Article 206 of the Code, taking into account the base limits of natural resources utilisation fees.

Article 218. Procedure for calculating the natural resources utilisation fees subject to payment to the State Budget for depleted resources of solid non-metallic minerals

1. Natural resources utilisation fee subject to payment to the State Budget for depleted resources of solid non-metallic minerals (except for salt), as well as types of coloured stones only such as onyx marble, obsidian (rainbow obsidian) and listvenite shall be calculated based on the volumes of depleted mineral resources in the reporting period, the actual price (VAT not included) for alienation of minerals in the given period and the rates prescribed by Article 207 of the Code, where the product of actual price (VAT not included) and the rate for alienation of the given mineral exceeds the fixed rate, taking into account the base limits of natural resources utilisation fees.

2. Natural resources utilisation fees subject to payment to the State Budget for depleted resources of solid non-metallic minerals shall be calculated by multiplying the relevant fixed rate prescribed by Article 207 of the Code and the volumes of depleted mineral resources in the reporting period, where:

(1) the product of actual price (VAT not included) and the rate for alienation of the given mineral does not exceed the fixed rate;

(2) no alienation of depleted resources has been carried out in the reporting period. Where a part of the given depleted resources has been alienated in the reporting period, the natural resources utilisation fee for the alienated part of the depleted resources shall be calculated in accordance with part 1 of this Article, taking into account the provisions of this part, and for the part of the depleted resources that has not been alienated the natural resources utilisation fee shall be calculated by fixed rates:

(3) not the mineral, but the product derived as a result of activities other than mining activity corresponding to classifiers of other types of economic activities has been alienated, or where the mineral has been used for intra-economic needs of an extractor;

(4) for the purpose of defining the portions of volumes deemed to be an object of natural resources utilisation fee, during calculation of sanctions prescribed by law for the positive difference of actual volumes of use of natural resources recorded as a result of checks conducted in the prescribed procedure and the volumes reflected in the tax calculation reports during the check period and submitted to tax authorities and authorised bodies by payers.

3. The rates and fixed rates prescribed by Article 207 of the Code shall be applied to the entire volumes of depleted resources of solid non-metallic mineral prescribed by this part. Fixed rates prescribed by Article 207 of the Code shall be applied taking into account the discharge amounts established by the project on performing mining activities having undergone expert examination and been approved, where the rates fixed by the same article are prescribed according to useful discharge amounts of mineral resources. In case of absence of a project on performing mining activities, according to useful discharge amounts of mineral resources, for solid mineral the highest fixed rate shall be applied to the entire volumes of depleted resources prescribed by this Section. In case no discharge of filling materials and ballast raw materials is prescribed by the project of performing mining activities, fixed rates corresponding to useful discharge amounts of construction stone and/or facing stone prescribed by Article 207 of the Code shall be applied to the volumes of depleted resources corresponding to filling materials and ballast raw materials in accordance with useful discharge amounts established by the project for construction stone and/or facing stones. In Accordance with classifiers of types of economic activities, the highest rate prescribed by Article 207 of the Code shall be applied to the volumes of depleted resources corresponding to the product derived as a result of activities other than mining activity, where the rates fixed by the same article are prescribed according to useful discharge amounts of mineral resources.

4. Natural resources utilisation fee subject to payment to the State Budget for depleted resources of types of coloured stones shall be calculated based on the volumes of depleted resources in the reporting period, rates and the average international market price of the given stone in the reporting period on the basis of the price announced for the reporting period by the authorised body of the Government in the sector of finance.

(Article 218 amended by HO-261-N of 23 March 2018)

Article 219. Procedure for calculating the natural resources utilisation fee subject to payment to the State Budget for the use of biological resources

1. Natural resources utilisation fee subject to payment to the State Budget for the use of timber shall be calculated based on the volumes of the resources used in the reporting period. Natural resources utilisation fee subject to payment to the State Budget for other types of biological resources shall be calculated based on the volumes of the used resources and paid to the State Budget each time prior to displacement of biological resources.

2. Natural resources utilisation fee subject to payment to the State Budget for the use of biological resources shall be calculated on the basis of the volumes prescribed by part 1 of this Article in the reporting period and the rates prescribed by Article 208 of the Code.

3. Prior to using the biological resources prescribed by the law, the natural persons who pay natural resources utilisation fee and are not individual entrepreneurs shall file an application to the relevant environmental body and perform a relevant function in the case that body grants the application. The environmental body shall be responsible for the authenticity of the conditions further referred to in the application and the receipts proving the payment. Supervision over the calculation and payment of the fee at the place of alienation and consumption of natural resources shall be carried out by the tax authority on selective basis.

4. Environmental and subsoil use inspection authority shall, in the procedure prescribed by law, verify whether the fee for using biological resources has been calculated in accordance with this Section.

(Article 219 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018, HO-113-N of 4 March 2020)

Article 220. Submission of tax calculation reports with respect to natural resources utilisation fee

1. Payers of natural resources utilization fee shall not later than the twentieth day, inclusive, of the month following the reporting quarter, in accordance with Articles 52 and 53 of the Code, draw up and submit to the environmental and subsoil use inspection authority and tax authority unified tax calculation reports on environmental tax and natural resources utilization fee in compliance with the procedure prescribed by the Government.

2. Payers of natural resources utilisation fee may — in case they independently reveal mistakes in the submitted unified tax calculation reports on environmental tax and natural resources utilisation fee — draw up verified unified tax calculation reports on environmental tax and natural resources utilisation fee as a result of verification thereof, as prescribed by Articles 52-54 of the Code and submit them to the environmental and subsoil use inspection authority and tax authority as prescribed by the Government.

3. In accordance with this Article, the submission of tax calculation reports shall not be obligatory for natural persons (except for individual entrepreneurs), who have appropriate contracts for natural resources utilisation with the term of up to one year.

(Article 220 edited and amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018)

Article 221. Submission of tax calculation reports with respect to royalties

1. Royalty payers shall, not later than 20 April of the tax year following the reporting year, as prescribed by Articles 52-54 of the Code, draw up tax calculation reports on royalties and submit them to the tax authority.

CHAPTER 44

PROCEDURE FOR PAYING NATURAL RESOURCES UTILISATION FEE AND CREDITING IT TO SINGLE ACCOUNT

Article 222. Paying natural resources utilisation fee

1. Natural resources utilisation fee calculated as prescribed by Articles 213-219 of the Code, subject to payment to the State Budget shall be paid to the State Budget not later than the twentieth day of the month following the reporting period, except for cases prescribed by this Article.

2. Royalty calculated as prescribed by part 2 of Article 213 of the Code, subject to payment to the

State Budget shall be paid to the State Budget not later than 20 April of the tax year following the reporting period.

3. Royalty payers shall make advance royalty payments for each quarter of the current reporting year, not later than the twentieth day of the third month of the given quarter, in the amount of one fourth of the amount of royalty calculated for the previous reporting period. In the given reporting year, prior to the submission of a tax calculation report on the royalty for the previous reporting period, the royalty payers shall make the advance royalty payments for each quarter in the amount not less than the amount of the last advance payment of the previous reporting year. A verification of the amounts of the advance payments made in the given tax year before the submission of the tax calculation report shall be carried out during the first advance payment following directly the submission of the tax calculation report after the submission of the tax calculation report on the royalty of the previous reporting period, in the increasing sum total as from the beginning of the tax year, based on the amount prescribed by this part.

4. A royalty payer who has submitted to the tax authority a statement in the form approved by the tax authority may:

(1) starting from a certain day, make no advance royalty payments for the complete quarters included in the period from the day of terminating the activity (but not earlier than the day of submitting the statement on terminating the activity) referred to in the statement on terminating his or her activity for an uncertain period until the day of resuming the activity (but not earlier than the day of submitting the statement on resuming the activity) referred to in the statement submitted in the form approved by the tax authority;

(2) starting from a certain day, make no advance royalty payments for the complete quarters included in the period from the day of terminating the activity referred to in the statement (but not earlier than the day of submitting the statement on terminating the activity) on terminating his or her activity for a certain period until the day of resuming the activity referred to in the statement.

5. Positive difference of the royalty amount, calculated as prescribed by part 2 of Article 213 of the Code, subject to payment to the State Budget and the total amount of the advance royalty payment paid during the tax year shall be paid to the State Budget not later than 20 April of the tax year following the reporting year.

Article 223. Crediting natural resources utilisation fee to single account, offset and/or refund thereof

1. The amounts paid in excess of the liability for natural resources utilisation fee prescribed by the Code, with respect to which a requirement for submitting a tax calculation report is prescribed by this Section, shall be credited to the single account in the manner and within the time limits prescribed by the Code with regard to tax administration.

1.1 The negative difference of the royalty amount, calculated as prescribed by this Section, subject to payment to the State Budget and the total amount of the advance royalty payment paid during the tax year, as a royalty amount refundable from the State Budget, shall be credited to the single account before the day preceding the deadline for payment of the royalty for the given reporting period, where the taxpayer has used the relevant software command, or on the deadline for payment of the royalty for the given reporting period, and the royalty amount refundable from the State Budget that is generated by the tax calculation report on the royalty (including verified) for the given tax year after the deadline for payment of the royalty for the given tax year shall be credited to the single account on the day of submission of the tax calculation report on the royalty (including verified).

2. The amounts paid in excess of the amount of the liability for natural resources utilisation fee prescribed by the Code with respect to which no requirement for submitting a tax calculation report is prescribed by this Section shall be offset and/or refunded under the procedure prescribed by the Government.

(Article 223 amended by HO-261-N of 23 March 2018, amended, supplemented by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

SECTION 11

IMMOVABLE PROPERTY TAX

CHAPTER 45

IMMOVABLE PROPERTY TAX AND TAXPAYERS

Article 224. Immovable property tax

1. Immovable property tax is a local tax paid to the budgets of communities of the Republic of Armenia as prescribed by this Section for immovable property deemed to be a taxable object belonging to the taxpayers by the right of ownership, which is not linked to the results of the economic activities of taxpayers.

2. Notwithstanding the right of ownership referred to in part 1 of this Article the immovable property tax shall — in the cases and in the procedure prescribed by this Section — be paid also for state-owned or community-owned immoveable property provided for gratuitous (permanent) use, underground and overground buildings, structures or constructions (including those built without authorisation) built on state-owned or community-owned land plots provided for lease or by the development right, land plots occupied without authorisation, as well as for immovable property deemed to be a taxable object referred to in point 8 of part 2 of Article 227 of the Code.

(Article 224 amended by HO-567-N of 16 December 2022)

Article 225. Taxpayers of immovable property tax

1. Organisations and natural persons, except for state authorities, community administration institutions, the Central Bank of the Republic of Armenia, state and community non-commercial organisations, shall be deemed to be taxpayers of immovable property with respect to land parcel and territories of common use belonging to the owners of apartments, non-residential spaces of multi-apartment residential buildings, public, industrial constructions located in multi-apartment residential buildings, garages (parking places, parking lots) by the right of common shared ownership necessary for service and maintenance of multi-apartment building (including those situated under the building).

2. Immovable property tax on a state-owned or community-owned immoveable property provided for gratuitous (permanent) use shall be paid by the gratuitous (permanent) user of the state-owned or community-owned immoveable property.

2.1. Immoveable property tax on underground and overground buildings, constructions or structures built on state-owned and community-owned land parcels provided by the development right shall be paid by persons having the right of land use over those land parcels.

2.2. Immoveable property tax on underground and overground buildings, constructions or structures built without authorisation on state-owned and community-owned land parcels provided on lease or by the development right shall be paid by persons having the right of land use over those buildings, constructions or structures.

2.3. Immoveable property tax on underground and overground buildings, constructions or structures built without authorisation on state-owned or community-owned land parcels, including land parcels occupied without authorisation, registered by the body maintaining immoveable property cadastre shall be paid by the users of those land parcels and buildings, constructions or structures.

3. Where the taxable object belongs to more than one taxpayers by the right of common joint ownership, they shall bear joint liability for the liabilities with regard to immovable property tax prescribed by this Section, except for those land parcels belonging by the right of common joint ownership, which include immovable property units, such as buildings and/or structures, belonging to different taxpayers by the ownership right. They bear equal liabilities for liabilities prescribed by this Section for the immovable property tax with respect to land parcels belonging by the right of common joint ownership, which are burdened with immovable property units belonging to different taxpayers by the ownership right.

4. Where the taxable object belongs to more than one taxpayer by the right of common joint ownership, each taxpayer shall be liable for liabilities prescribed by this Section for the immovable property tax in the amount equal to his or her share.

5. Where the taxable object is an object of leasing, the taxpayer of immoveable property tax shall be considered to be the lessee.

(Article 225 amended by HO-261-N of 23 March 2018, supplemented by HO-321-N of 18 June 2020, amended, edited and supplemented by HO-567-N of 16 December 2022)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 226. Authorised bodies

1. Within the meaning of this Section, the concept “authorised body” prescribed by Article 4 of the Code shall have the following meaning:

(1) a body maintaining an immovable property cadastre — an authorised state administration body of the Government conducting state registration of rights and restrictions on the immovable property;

(2) record-keeping bodies — self-government bodies prescribed by the Law of the Republic of Armenia “On local self-government”, which:

a. conduct record-keeping of taxpayers and immovable property tax as prescribed by the Government;

b. accept the payments for immovable property tax (including collection of overdue liabilities), control over the payment, as well as tax administration.

(Article 226 amended by HO-261-N of 23 March 2018)

CHAPTER 46

IMMOVABLE PROPERTY TAXABLE OBJECT, TAX BASE AND RATES

Article 227. Immovable property taxable object

1. Immovable property taxable object shall be an immovable property such as land parcels and/or ameliorations thereto.

2. Within the meaning of this Section, land parcels shall, according to land-use purpose and functional significance, be prescribed by the legislation of the Republic of Armenia on land, and the following underground and above-ground buildings, structures or constructions (hereinafter referred to as “structures” in this Section) built on the land parcels shall be deemed to be an amelioration to the land:

(1) structures of residential significance, including:

a. an individual residential house — a construction built on a land parcel, together with its economic structures;

b. an apartment of a multi-apartment building — a space in a multi-apartment residential building designed for residing by natural persons, registered and numbered under a separate code with the authorised body conducting state registration of rights;

c. a garden cottage (summer house) — a construction built on a separate land parcel at a gardening zone, with its economic structures;

(2) a multi-apartment building — a construction having more than one apartment, non-residential spaces and areas for common use;

(3) a non-residential space of a multi-apartment building — an apartment in a multi-apartment building, a space not deemed to be a structure of public, industrial significance, registered and numbered under a separate code with the authorised body conducting state registration of rights;

(4) a garage (parking place, parking lot) — a construction or area designed for parking of vehicles;

(5) a structure of public significance — buildings and structures designed for the provision of social services to the population, for the use for administrative purposes or for location of non-governmental organisations;

(6) a structure of industrial significance — buildings and structures providing conditions for the establishment of industrial and agricultural productions and exploitation of technological equipment therein;

(7) relevant unfinished semi-constructed structures referred to in this part, described as prescribed by the Government;

(8) an immovable property deemed to be an appropriate taxable object referred to in this part which is, pursuant to the legislation of the Republic of Armenia, newly built and/or has undergone changes and is record-registered and valuated by a body maintaining an immovable property cadastre, and has not yet been granted state registration of rights, buildings and structures built without authorisation on a land parcel by taxpayers having the right of ownership over the given land parcel and/or the right of use of the land parcel, including constructions built without authorisation in multi-apartment buildings or adjacent to the buildings, as well as state-owned or community-owned land plots and constructions built thereon without authorisation registered by the body maintaining immoveable property cadastre.

(Article 227 amended by HO-261-N of 23 March 2018, edited by HO-567-N of 16 December 2022)

Article 228. Immovable property tax base

1. Cadastral values approximated to the market value of land parcels (except for the cases prescribed by part 2 of this Article) and/or the developments thereof valuated as prescribed by the law defining the cadastral valuation procedure approximated to the market value of the immoveable property for the purpose of taxation by the immovable property tax, shall be deemed to be an immovable property tax base.

2. The estimated net income calculated in accordance with the cadastral valuation procedure prescribed by Annex 2, which is a constituent part of this Code, shall be deemed to be an immovable property tax base for lands of agricultural significance.

3. Valuation and re-valuation of an immovable property (hereinafter referred to in this Section also as “cadastral valuation”) shall be conducted once in three years by the body maintaining an immovable property cadastre, based on the data recorded as of 1 July of the tax year when the cadastral valuation is done. Valuated or re-valuated cadastral value (estimated net income) shall be taken as grounds for determining the tax base for three tax years following the tax year when valuation or re-valuation is done, except for the cases prescribed by part 4 of this Article.

4. The tax base of immovable property deemed to be a taxable object, which is obtained by ownership right after 1 July of the tax year when cadastral valuation is done in the procedure prescribed by the legislation of the Republic of Armenia, as well as the immovable property newly emerged and/or altered within the period before and including the tax year of the next cadastral valuation of the immovable property as compared to the data of records (including the data received from the authorised body conducting current record-keeping) available at the body maintaining an immovable property cadastre as of 1 July of the tax year of the cadastral valuation, shall be calculated in the relevant cadastral valuation procedure prescribed by parts 1 and 2 of this Article, which shall be a basis for determining the tax base for the period comprising from the month following the valuation month until and including the tax year of the next cadastral valuation prescribed by part 3 of this Article.

5. Within the meaning of this Section, the immovable property deemed to be a taxable object (including the one referred to in point 8 of part 2 of Article 227 of the Code) which is newly built or has a land-use purpose or functional significance (land type), degree of completeness, has undergone changes in the number of storeys prior to the end of the tax year of the next cadastral valuation as compared to the data recorded at the body maintaining an immovable property cadastre as of 1 July of the tax year of the cadastral valuation shall be deemed to be newly emerged and/or altered.

6. Bodies conducting record-keeping shall submit the information on the current record-keeping of the immovable property prescribed by part 5 of this Article to the body maintaining an immovable property cadastre as prescribed by Article 235 of the Code.

7. ***(part repealed by HO-332-N of 25 June 2020)***

(Article 228 edited and amended by HO-332-N of 25 June 2020)

Article 229. Immovable property tax rates

1. Immovable property tax shall be calculated at the following annual rates:

(1) 15 percent for immovable property deemed to be an agricultural land;

(2) for immovable property not deemed to be an agricultural land without improvements (including those improved by only an external wall):

a. 0.6 percent for land parcels intended for residential development from the residential lands;

b. one percent for land parcels intended for public development from the residential lands;

c. one percent for residential lands not indicated in sub-points (a) and (b) of this point;

d. 0.25 percent for lands of industrial, subsurface and other production significance;

e. 0.5 percent for lands with power, communication, transport, utility infrastructure facilities, as well as for water lands;

f. one percent for other lands not deemed to be a land of agricultural use;

(3) for immovable property considered to be a multi-apartment residential building, an apartment of multi-apartment building, a non-residential space of multi-apartment building, deemed to be a taxable object prescribed by sub-point (b) of point 1, points 2, 3, 7 and 8 of part 2 of Article 227 of the Code (except for cases prescribed by points 5-7 of the this part):

Tax base	Tax rate
up to AMD 10 million inclusive	0,05 percent
over AMD 10 million and up to AMD 25 million inclusive	AMD 5 000 plus 0.1 percent of the part exceeding AMD 10 million of the tax base
over AMD 25 million and up to AMD 47 million inclusive	AMD 20 000 plus 0.2 percent of the part exceeding AMD 25 million of the tax base
over AMD 47 million and up to AMD 75 million inclusive	AMD 64 000 plus 0.4 percent of the part exceeding AMD 47 million of the tax base
over AMD 75 million and up to AMD 100 million inclusive	AMD 176 000 plus 0.6 percent of the part exceeding AMD 75 million of the tax base
over AMD 100 million and up to AMD 200 million	AMD 326 000 plus 1 percent of the part exceeding AMD 100 million of the tax base
over AMD 200 million	AMD 1 326 000 plus 1.5 percent of the part exceeding AMD 200 million of the tax base

(4) for immovable property deemed to be an individual residential house and a garden cottage considered a taxable object prescribed by sub-points (a) and (c) of point 1, points 7 and 8 of part 2 of Article 227 of the Code:

Tax base	Tax rate
up to AMD 7 million inclusive	0.05 percent
over AMD 7 million and up to AMD 23 million inclusive	AMD 3 500 plus 0.1 percent of the part exceeding AMD 7 million of the tax base
over AMD 23 million and up to AMD 50 million inclusive	AMD 19 500 plus 0.2 percent of the part exceeding AMD 23 million of the tax base
over AMD 50 million and up to AMD 85 million inclusive	AMD 73 500 plus 0.4 percent of the part exceeding AMD 50 million of the tax base
over AMD 85 million and up to AMD 120 million inclusive	AMD 213 500 plus 0.6 percent of the part exceeding AMD 85 million of the tax base
over AMD 120 million and up to AMD 200 million inclusive	AMD 423 500 plus 1 percent of the part exceeding AMD 120 million of the tax base
over AMD 200 million	AMD 1 223 500 plus 1.5 percent of the part exceeding AMD 200 million of the tax base

(5) 0.3 percent for immovable property deemed to be a building of public significance considered a taxable object prescribed by points 5, 7 and 8 of part 2 of Article 227 of the Code;

(6) 0.25 percent for immovable property deemed to be a building of industrial significance considered a taxable object prescribed by points 6-8 of part 2 of Article 227 of the Code;

(7) 0.2 percent for immovable property deemed to be a garage considered a taxable object prescribed by points 4, 7 and 8 of part 2 of Article 227 of the Code.

2. Immoveable property tax for organisations shall be calculated at the quarterly rates calculated by the product of the annual rates prescribed by part 1 of this Article and the 0.5 coefficient.

(Article 229 edited by HO-332-N of 25 June 2020, supplemented by HO-563-N 16 December 2022)

CHAPTER 47

IMMOVABLE PROPERTY TAX BENEFITS

Article 230. Immovable property tax benefits

1. The following shall be exempt from immovable property tax:

(1) state reserves and sanctuaries, national and tree gardens, botanical parks, and immovable property of historic-cultural significance, except for cases where they are provided for lease or for service use;

(2) state-owned immovable property of public use in residential areas (in particular squares, streets, passages, roads, parks, public gardens, reservoirs);

(3) educational-production and experimental immovable property adjacent to general education, primary vocational (handicraft) and secondary vocational education institutions;

(4) young vineyards and orchards newly planted on the land type of perennial plantations (grape, stone fruit or kernel fruit) on the lands of agricultural significance until and including the year when each type of plantation reaches full crop-producing power according to agrotechnical instructions, provided that the area is 0.1 hectare or more;

(5) state-owned lands of forest stock, except for lands of agricultural significance provided for lease;

(6) immovable property used for diplomatic and representation purposes of foreign states and international organisations under the principle of reciprocity, upon the motion of the public administration body authorised in the field of foreign affairs of the Republic of Armenia;

(7) state-owned immovable property of historic-cultural significance as prescribed by the legislation of the Republic of Armenia deemed to be taxable objects, as well as immovable property for religion and worship built before 1991, belonging to religious organisations by ownership right in accordance with the classification prescribed by legislation of the Republic of Armenia. The list of immoveable properties referred to in this point shall be established by the Government;

(8) the religious, worship immovable property under the classification provided for by legislation of the Republic of Armenia, belonging to Holy Armenian Apostolic Church (Mother See of Holy Etchmiadzin) by ownership right and the right to permanent gratuitous use, the churches without the status of a monument belonging to the Armenian Apostolic Church (Mother See of Holy Etchmiadzin), immovable property used for the production and sale of spiritual-cultural, educational, religious and ritual items, workshops ensuring the internal servicing of Holy Armenian Apostolic Church (Mother See of Holy Etchmiadzin), as well as land parcels necessary for their maintenance and use. The list of immovable properties referred to in this point shall be established by the Government;

(9) in case of voluntary renunciation of a immovable property as prescribed by the legislation of the Republic of Armenia, natural persons who are the owners of the immovable properties recognised as a community or state ownership — for the given immovable properties;

(10) line engineering immovable property as defined in the legislation of the Republic of Armenia for the use of which no fee is charged. Pursuant to the republic and interstate construction norms effective in the territory of the Republic of Armenia, the following shall be deemed to be line engineering structures: automobile roads, railways, bridges and pipes, automobile and railway tunnels, hydro-technical tunnels, industrial transport (monorail runway, conveyor transport, pipe and container), ropeways, elevators, urban electrical transport routes, gas, oil, water, heat supply networks, sewage collectors, ameliorative networks, trunk pipelines;

(11) reservoirs;

(12) immovable property deemed to be a taxable object, which belongs by the ownership right to the persons fallen during combat operations in defence of the Republic of Armenia or declared as missing or missing in absentia or dead while performing their official duties (or family members thereof) until one of the children of these persons attains the age of 18, and where the person has not been married or has/had no children — until termination of the ownership right of the family member over the taxable object;

(13) national operator of postal communication;

(14) immovable property of public and industrial significance belonging to operators of free economic zone or used by them, which are located in the territory of a free economic zone;

(15) military servants drafted to compulsory military service in the Armed Forces of the ally countries according to the international treaties of the Republic of Armenia, as well as the Armed Forces of the Republic of Armenia or other troops through a military call up prescribed by law, while on service:

a. with regard to property not deemed to be an immovable property of public and/or industrial significance, belonging to them by the ownership right;

b. in the case of immovable property taxable object with regard to their share of the taxable object referred to in sub-point “a” of this point, belonging to them by the right of common shared ownership;

c. with regard to immovable property taxable object referred to in sub-point “a” of this point, belonging to them by the right of common joint ownership, where the other co-owners are minors or persons without capacity to work.

The benefit prescribed by this point shall not apply where the immovable property deemed to be a taxable object has been provided for lease or transferred for trust management during the service;

(16) after the completion of the term of the compulsory military service, pursuant to sub-points “a”, “b” or “c” of point 15 of this part, the military servants referred to in this point, who are in post-educational contractual military service prescribed by law, as well as those continuing the military service prescribed by law after the expiry of the term of the post-educational contractual military service in the Armed Forces of the Republic of Armenia and other troops and have graduated from military-educational institutions shall also be exempt from the immovable property tax, for the part not exceeding AMD 40 million per one immovable property.

In the case more than one immovable property belongs by ownership right to the taxpayer referred to in this point, the benefit shall be applied with regard to immovable property referred to in the application of the taxpayer, and the statement of information on the number and location of the immovable property belonging to the taxpayer by ownership right issued by the body maintaining an immovable property cadastre, as well as the statement (statements) of information on non-application of the benefit with respect to other immovable property issued by the record-keeping body (bodies) of the place (places) of the immovable property shall be deemed to be grounds for the application of the benefit.

The right to the benefits prescribed by this point shall terminate in case of releasing the military servant from service, as well as where the immovable property deemed to be a taxable object has been provided for lease or transferred for trust management during the military service.

The procedure for the application of the benefits prescribed by this part shall be defined by the Government.

2. Agricultural and forestry research organisations, testing, experimental, seed-growing, planting, pedigree livestock-breeding and sort-testing organisations, stations and other establishments of scientific and research organisations and educational institutions, pursuant to the list confirmed by the Government, shall be exempt from immovable property tax in the amount of 50 percent regarding the immovable property being used exclusively for scientific and educational, as well as for agricultural, forestry, and crops sort-testing purposes.

3. The community council may, upon suggestion of the community head and in the procedure prescribed by the community council, prescribe benefits in respect of the immovable property tax and render decisions on making a payment from the community budget for the taxpayer of the immovable property tax. Pursuant to this part, the amount of the benefit prescribed by the community council may not exceed ten percent of the approved revenues of the community budget in terms of the immovable property tax for the given tax year. No additional subsidies shall be provided from the State Budget of the Republic of Armenia to the community budget for the amounts of the benefits prescribed by the community council for immovable property tax.

4. The immovable property taxpayer enjoying immovable property tax benefit during the tax year shall be exempt from the immovable property tax starting from the 1st day of the month, when the right to the benefit has arisen.

5. In the case the benefit of immovable property tax is terminated during the tax year, the immovable property tax shall be calculated from the 1st day of the month following the month when the benefit has been terminated.

6. The documents attesting the right of enjoying the immovable property tax benefits and the procedure for the submission thereof shall be prescribed by the Government.

(Article 230 amended by HO-261-N of 23 March 2018, amended and edited by HO-332-N of 25 June 2020, edited by HO-517-N of 7 December 2022)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

CHAPTER 48

CALCULATION OF IMMOVABLE PROPERTY TAX

Article 231. Procedure for emergence and termination of liability of immovable property tax

1. Liability for immovable property tax shall emerge from the 1st day of month following the month when right of ownership or gratuitous (permanent) use or development over the immovable property taxable object or a part thereof has received state registration. The documents substantiating the right of ownership or gratuitous (permanent) use or development over the immovable property taxable object or a part thereof shall be deemed to be grounds for calculation (emergence of tax liabilities) of the immovable property tax.

2. Calculation of immovable property tax shall be terminated starting from the first day of the month following the month when the ownership right over the immovable property taxable object or a part thereof or gratuitous (permanent) use or development over the immovable property has been terminated.

3. Notwithstanding the provisions of parts 1 and 2 of this Article:

(1) immovable property tax liability for the taxable object having not received state registration under the right of ownership prescribed by point 8 of part 2 of Article 227 of the Code shall emerge from the 1st day of month following the month of providing by a body maintaining an immovable property cadastre information on the record-keeping and valuation of the immovable property to bodies conducting record-keeping. In case of failure to be registered under the right of ownership, calculation of an immovable property tax for the referred taxable object shall be terminated from the 1st day of month following the month of removing the given objects from record-keeping in the body maintaining an immovable property cadastre as prescribed by the legislation of the Republic of Armenia;

(2) in case a natural person deemed to be the owner of a taxable object is dead or declared dead upon a court judgement, tax liabilities for the taxable object not discharged by the natural person, who is dead or declared dead upon a court judgement, as well as the tax liabilities calculated for the immovable property tax of the given taxable object from the day of his or her death until the month (inclusive) when the right of ownership (inheritance) has been state registered as prescribed by the legislation of the Republic of Armenia, shall be transferred to the new owner. In cases prescribed by this point, an immovable property tax liabilities shall emerge from the 1st day of the month following the month the right of ownership (inheritance) was formulated;

(3) where the right of ownership over the taxable object is granted a state registration based on a criminal judgement, civil judgement or a legal act, the liabilities for immovable property taxable object calculated from the 1st day of the month following the month the criminal judgement, the civil judgement or the legal act has been adopted until the month (inclusive) when the right of ownership has been state registered, shall be transferred to the new owner. In the cases prescribed by this point, the immovable property tax liabilities shall emerge from the 1st day of the month following the month when the criminal judgement, the civil judgement or the legal act has entered into force;

(4) where the right of ownership of a natural person over a taxable object arises or the tax liability for the payment of the immovable property tax emerges in the cases prescribed by points 1-3 of this part during the month preceding the period prescribed by part 1 of Article 236 of the Code, the tax liability of the given tax year for the given taxable object shall be added up to the tax liability of the following tax year.

(5) tax liability with regard to immovable property tax for taxable objects deemed to be an object of leasing shall arise with the lessee from the 1st day of the month following the month of state registration of the right to lease over the object of leasing. The calculation of immovable property tax for taxable objects deemed to be an object of leasing shall terminate with the lessee from the 1st day of the month following the month of termination of the right to lease over the object of leasing (types thereof).

(6) The tax liability with regard to immovable property tax for taxable objects deemed to be an object of leasing shall be performed by the lessee during the period prescribed by point 5 of this part, while for the same period no tax liability with regard to immovable property tax for taxable objects deemed to be an object of leasing upon the contract on leasing (types thereof) shall be calculated with the lessor.

4. Existence of a lien on an immovable property as prescribed by law deemed to be a taxable object shall not be grounds for not calculating the immovable property tax.

(Article 231 supplemented by HO-321-N of 18 June 2020, amended by HO-567-N of 16 December 2022)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 232. Reporting period

1. For natural persons, every reporting year shall be a reporting period for immovable property tax calculation.

2. For organisations, every reporting semester shall be a reporting period for immovable property tax calculation.

(Article 232 edited by HO-563-N of 16 December 2022)

Article 233. Procedure for calculating the amount of immovable property tax subject to payment to the local budget

1. The tax of an immovable property shall be calculated by the relevant rates of the cadastral value approximated to the market value of the land parcels (except for the lands of agricultural significance) and the developments thereof and those prescribed by Article 229 of the Code taking into account the privileges prescribed by Article 230 of the Code and the provisions of Article 234 of the Code.

For the immovable property deemed to be a land parcel of agricultural significance the immovable property tax shall be calculated in the amount of the product of the its calculated net income and the rate prescribed by point 1 of part 1 of Article 229 of the Code, taking into account the privileges prescribed by Article 230 of the Code and the provisions of Article 234 of the Code.

2. In cases the immovable property tax liability emerges or when calculation of the immovable property tax is terminated as prescribed by Article 231 of the Code, the annual amounts — and in case of organisations, the semestral amounts — of the immovable property tax calculated in accordance with part 1 of this Article shall be adjusted in proportion to the months of the emergence of the immovable property tax liabilities or termination of the immovable property tax calculation during the given tax year, and in case of organisations — during the reporting semester.

3. Bodies conducting record-keeping shall, taking into account the information received from the body maintaining an immovable property cadastre as prescribed by Article 235 of the Code, calculate the amounts of immovable property tax paid by immovable property taxpayers as prescribed by this Section and shall, by 1 November of the current tax year, post the information on calculated immovable property tax amounts on a visible place on the administrative building of the community and/or post it on their electronic websites. Bodies conducting record-keeping may, during the period referred to in this part, submit notifications on immovable property tax payment to the immovable property taxpayers (including by sending by post or handing over in person).

4. Failure to post information or to send a notification within the period prescribed by part 3 of this Article shall not exempt the immovable property taxpayer from the obligation of discharging tax liabilities in full.

5. Immovable property taxpayers may apply to bodies conducting record-keeping for receiving a statement of information or information on their liabilities in respect of immovable property tax. The bodies conducting record-keeping shall issue the mentioned statements of information or provide information within three working days after receiving the mentioned applications.

6. If immovable property taxpayers do not agree with the calculation of the immovable property tax, they may apply to relevant bodies conducting record-keeping for the purpose of adjustment of the calculation of the tax on immovable property deemed to be a taxable object, and may apply to the body maintaining an immovable property cadastre for receiving necessary information and data for the adjustment of the tax base. Bodies conducting record-keeping or authorised bodies shall provide the mentioned information within three working days after receiving the applications.

7. For the reporting year of 2021, the immoveable property tax (except for lands of agricultural significance) shall be calculated in the amount of 25 percent of the product of the cadastral values approximated to the market value of the immoveable property and the rates prescribed by points 2-7 of part 1 of Article 229 of the Code, for the reporting year of 2022 — in the amount of 30 percent, for the reporting year of 2023 — in the amount of 35 percent, for the reporting year of 2024 — in the amount of 50 percent, for the reporting year of 2025 — in the amount of 75 percent and for the reporting year of 2026 and for further reporting years — in the amount of 100 percent.

(Article 233 edited and supplemented by HO-332-N of 25 June 2020, supplemented by HO-563-N of 16 December 2022)

Article 234. Procedure for calculating the amount of immovable property tax under common ownership

1. The immovable property tax for the immovable property taxable object deemed to be a common ownership shall be calculated by the bodies conducting record-keeping on the entire tax base of the immovable property.

2. Bodies conducting record-keeping, based on the information received from the body maintaining an immovable property cadastre as prescribed by Article 235 of the Code, shall calculate the immovable property tax of taxpayers who are co-owners of an immovable property:

(1) in the case of common joint ownership — the entire tax liability calculated as prescribed by Article 233 of the Code for the entire tax base of the immovable property taxable object for either of the co-owners;

(2) in the case of common shared ownership — the tax liability calculated as prescribed by Article 233 of the Code for the entire tax base of the immovable property taxable object for each of the co-owners in the amount equivalent his or her share.

Article 235. Provision of information

1. Pursuant to the procedure prescribed by the Government:

(1) the body maintaining an immovable property cadastre shall, prior to and including 1 September of the tax year of valuation (re-valuation), submit to bodies conducting record-keeping the summary information on the immovable property deemed to be an immovable property taxable object record-registered and valuated (re-valuated) as of 1 July of the tax year of valuation or re-valuation and information on the valuations (re-valuations) thereof;

(2) the body maintaining an immovable property cadastre shall, prior to and including the 15th day of each month, submit to bodies conducting record-keeping the information on amendments made to the data on the owners of immovable property, as well as on record-registration and valuation of immovable property during the previous month;

(3) while performing its functions the tax authority may receive information on the calculated amounts of immovable property tax from relevant bodies conducting record-keeping;

(4) bodies conducting record-keeping shall, prior to and including the 15th day of each month, submit to the body maintaining an immovable property cadastre the necessary information on the current record-keeping of the immovable property deemed to be a taxable object newly established and/or altered during the previous month as compared to the data registered as of 1 July of the previous valuation year as prescribed by part 3 of Article 228 of the Code;

(5) the body maintaining an immovable property cadastre shall, prior to and including the 15th day of each month, submit to bodies conducting record-keeping the information on amendments made to the data on the lessees of immovable property, as well as on record-registration and valuation of immovable property deemed to be an object of leasing during the previous month.

2. Immovable property taxpayers may receive necessary information on the immovable property from authorised bodies prescribed by Article 226 of the Code.

(Article 235 amended by HO-261-N of 23 March 2018, supplemented by HO-321-N of 18 June 2020)

(Law HO-321-N of 18 June 2020 has a transitional provision)

CHAPTER 49

PROCEDURE FOR PAYMENT, OFFSET AND REFUND OF IMMOVABLE PROPERTY TAX

Article 236. Payment of immovable property tax

1. Organisations and natural persons shall pay the amounts of the immovable property tax (including the amounts of immovable property tax liability calculated in the cases and the procedure prescribed by part 3 of Article 231 of the Code) to the community budget of the place of location of the immovable property within the following time limits, taking into account the peculiarities prescribed by this Article:

(1) natural persons — prior to and including 1 December of the tax year;

(2) organisations — each reporting semester, in the first semester prior to and including 1 June of the tax year, in the second semester prior to and including 1 December of the tax year.

2. In the case of alienation of the immovable property, before the state registration of the ownership right arising due to alienation contract, the natural persons paying immovable property tax shall fully discharge the immovable property tax liabilities in respect of the given immovable property deemed to be an immovable property taxable object for the period including the month and the day of the state registration of the transfer of the right of ownership unless the alienation is carried out by the judicial acts compulsory enforcement officer, bankruptcy administrator or the

pledgee.

3. In the case of alienation of the immovable property, before the state registration of the ownership right arising due to alienation contract, the organisations paying immovable property tax shall fully discharge the immovable property tax liabilities in respect of all the immovable property taxable objects located in the given community for the period including the month and the day of the state registration of the transfer of the right of ownership unless the alienation is carried out by the judicial acts compulsory enforcement officer, bankruptcy administrator or the pledgee.

4. The body maintaining an immovable property cadastre shall-unless the alienation is carried out by the judicial acts compulsory enforcement officer, bankruptcy administrator or the pledgee-perform the state registration of the ownership rights over the immovable property on the basis of the statement of information issued by bodies conducting record-keeping on having no tax liabilities in respect of the immovable property which shall also have indication of the period of the tax year of issuing the statement of information for which the payments of immovable property tax (for organisations — immovable property tax in respect of all the objects recorded at the given body conducting record-keeping) in respect of the given immovable property have been made.

(Article 236 supplemented by HO-266-N of 21 December 2017, edited by HO-563-N of 16 December 2022)

(Article as amended by Law HO-209-N of 11 April 2024 shall enter into force on 1 July 2025)

Article 237. Offsetting immovable property tax amount against other tax liabilities and/or refund thereof

1. The offset of immovable property tax paid in excess of the amounts prescribed by the Code and/or refund thereof shall be made as prescribed by the Government ~~o~~.

(Article 237 amended by HO-261-N of 23 March 2018)

Article 238. Cadastral valuation of immovable property

1. Based on the data available (including data on the current record-keeping of land parcels and structures provided by the heads of communities) as of 1 July of the given tax year, the body maintaining an immovable property cadastre, in accordance with the law defining the cadastral valuation procedure approximated to the market value of the immovable property and Annex 2 which is the constituent part of the Code, shall:

(1) conduct the first cadastral valuation in 2020, based on which the obtained data shall be grounds for determining the tax base for upcoming three tax years;

(2) conduct further cadastral valuations periodically as referred to in part 3 of Article 228 of the Code.

2. Notwithstanding the time limits prescribed by part 1 of this Article, cadastral valuation of the immovable property acquired by the ownership right (except those passed to natural persons through legal succession) after this Section of the Code enters into force and as prescribed by the legislation of the Republic of Armenia, as well as cadastral valuation of the immovable property newly emerged and/or altered and deemed to be a taxable object — as compared to the data registered as of 1 July of 2020 — shall be carried out in accordance with the law defining the cadastral valuation procedure approximated to the market value of the immoveable property and Annex 2 which is the constituent part of the Code and the information shall be submitted to the body conducting record-keeping in the procedure and within the time limits prescribed by point 2 of part 1 of Article 235 of the Code.

3. For the purpose of calculating the immovable property tax for 2021, the body maintaining an immovable property cadastre shall, according to the immovable property owners, prior to 1 October 2020, submit the information on immovable property (according to land parcels and/or relevant developments thereof) deemed to be an immovable property taxable object prescribed by Article 227 of the Code and information on the cadastral values approximated to their market values and estimated net incomes thereof as prescribed by Article 235 of the Code, to the bodies conducting record-keeping of taxpayers.

(Article 238 supplemented, amended and edited by HO-332-N of 25 June 2020)

Annex 1

PROCEDURE FOR CADASTRAL VALUATION OF IMMOVABLE PROPERTY

PROCEDURES FOR CALCULATING CADASTRAL VALUES OF BUILDINGS, STRUCTURES

1. PROCEDURE FOR CALCULATING CADASTRAL VALUE OF APARTMENTS OF MULTI-APARTMENT BUILDINGS

(Annex repealed by HO-225-N of 19 November 2019)

Annex 2

PROCEDURE FOR CADASTRAL VALUATION OF LANDS OF AGRICULTURAL SIGNIFICANCE

1. PROCEDURE FOR CALCULATING ESTIMATED NET INCOME OF LANDS OF AGRICULTURAL SIGNIFICANCE

(2) Estimated net income of the lands of agricultural significance shall be calculated by the following formula:

$$NIc = Slag \times Vnin$$

where:

Slag is the surface area of a land of agricultural significance, as expressed in hectares;

Vnin is the estimated net income of the relevant land type of agricultural significance, relevant land valuation region, relevant valuation group calculated per one hectare.

The estimated net income of the relevant land type of agricultural significance, relevant land valuation region, relevant valuation group shall be defined by the Government.

(Article 238 amended by HO-261-N of 23 March 2018, HO-225-N of 19 November 2019)

SECTION 12

VEHICLE PROPERTY TAX

CHAPTER 50

VEHICLE PROPERTY TAX AND TAXPAYERS

Article 239. Vehicle property tax

1. Vehicle property tax is a local tax, which does not depend on the results of the economic activity of taxpayers and is paid to the budgets of the communities of the Republic of Armenia — as prescribed by this section — for vehicles considered a taxable object belonging to the taxpayers by the right of ownership.

Article 240. Vehicle property taxpayers

1. Organisations and natural persons, except for state authorities, community administration institutions and the Central Bank of the Republic of Armenia shall be considered vehicle property taxpayers.

2. If the taxable object belongs to more than one taxpayer by the common joint ownership right, they shall bear joint liability for the vehicle property tax liabilities prescribed by this section.

3. If the taxable object belongs to more than one taxpayer by the common joint ownership right, each of them shall bear liability in proportion to his or her share for the vehicle property tax liabilities prescribed by this section.

4. If the taxable object is an object of leasing, the lessee shall be considered a vehicle property taxpayer.

(Article 240 amended by HO-261-N of 23 March 2018, supplemented by HO-321-N of 18 June 2020)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 241. Authorised bodies

1. Within the meaning of this Section, the concept “authorised body” prescribed by Article 4 of the Code shall have the following meaning:

(1) body maintaining movable property cadastre — relevant state administration body of the Government carrying out state registration of the rights and restrictions for vehicles prescribed by Article 242 of the Code and maintaining the state registration (record-registration) thereof;

(2) record-keeping bodies — local self-government bodies defined by the Law of the Republic of Armenia “On local self-government”, which:

a. carry out record-keeping of taxpayers and vehicle property tax as prescribed by the Government;

b. carry out acceptance of payments of vehicle property tax (including collection of overdue liabilities), control over the payment, as well as tax administration.

(Article 241 amended by HO-261-N of 23 March 2018)

CHAPTER 51

VEHICLE PROPERTY TAXABLE OBJECT, TAX BASE AND RATES

Article 242. Object taxable by vehicle property tax

1. The following vehicles shall be considered vehicle property taxable objects:

(1) motor vehicles;

(2) water transport (working with engine);

(3) motorcycle;

(4) snowmobile;

(5) all-terrain vehicle (quadricycle).

Article 243. Vehicle property tax base

1. The traction engine power (expressed in horsepower or kilowatt) of a vehicle considered a taxable object shall be deemed to be the vehicle property tax base. If the vehicle has more than one traction engine, the total power of all the traction engines shall be considered to be the vehicle property tax base.

Article 244. Vehicle property tax rates

1. The annual amount of the vehicle property tax of motor vehicles shall be calculated at the following rates:

(1) for passenger motor vehicles with up to 10 seats, if the tax base is

a. 1-120 (inclusive) horsepower — AMD 200 per horsepower;

b. 121-250 (inclusive) horsepower — AMD 300 per horsepower, as well as additional AMD 1 000 per each horsepower exceeding 150 horsepower;

c. 251 and more horsepower — AMD 500 per horsepower, as well as additional AMD 1 000 per each horsepower exceeding 150 horsepower;

(2) for passenger motor vehicles and trucks (cargo and passenger motor vehicles) with 10 and more seats, if the tax base is:

a. 1-200 (inclusive) horsepower — AMD 100 per horsepower;

b. 201 and more horsepower — AMD 200 per horsepower.

2. The annual amount of vehicle property tax of motorcycles shall be calculated at the rate of AMD 40 per each horsepower of tax base.

3. The annual amount of vehicle property tax of water transports, snowmobiles and all-terrain vehicles (quadricycles) shall be calculated at the rate of AMD 150 per each horsepower of tax base.

4. The property tax for the tax year including the release date of the motor vehicle and each of the two tax years following it shall be calculated by 100 percent.

5. The amount of property tax for the third and each subsequent tax year following the one including the release date of the motor vehicle shall be reduced in the amount of 10 percent of the tax but not more than 50 percent of the property tax amount.

6. Irrespective of the provisions of part 5 of this Article, no vehicle property tax shall be calculated and paid for the truck or cargo and passenger motor vehicle starting from the 20th tax year following the one including the release date of the given motor vehicle.

7. Where the tax base of vehicles is expressed in kilowatts, the annual amount of the vehicle property tax shall be calculated applying coefficient 1.36 to the relevant power.

8. Upon the proposal of the head of the community, the community council may raise up to 10 percent the rates for the calculation of the vehicle property tax prescribed by parts 1-3 of this Article, which is paid to the budget of the given community.

CHAPTER 52

VEHICLE PROPERTY TAX BENEFITS

Article 245. Vehicle property tax benefits

1. The following shall be exempt from the vehicle property tax:

(1) persons with disabilities, who received cars from state social security bodies under privileged conditions, in respect of those cars;

(2) postal communication national operator;

(3) The vehicle considered a taxable object, which belongs by the right of ownership to the persons (or their family members), who died during the defence military operations of the Republic of Armenia or were declared as missing or missing in absentia or dead while performing their official duties — until one of the children of these persons attains the age of 18, and in case the person was not married or has/had no children — until the termination of the ownership right of the family member over the taxable object;

(4) persons performing compulsory military service in the Armed Forces of the allied countries according to the international treaties of the Republic of Armenia, as well as in the Armed Forces of the Republic of Armenia and other troops, during the service, with regard to the vehicles considered a taxable object belonging to them by the right of ownership. The benefit prescribed by this point shall not apply where the vehicle deemed to be a taxable object has been provided for lease or transferred to trust management during the service;

(5) after the expiration of the term of the compulsory military service, the military servants referred to in point 4 of this part, who are in post-educational contractual military service prescribed by law, as well as those continuing the military service prescribed by law after the expiry of the term of the post-educational contractual military service in the Armed Forces of the Republic of Armenia and other troops and graduated from military-educational institutions shall also be exempt from the vehicle property tax, with regard to the part not exceeding 150 horsepower of one vehicle.

Where more than one vehicle belongs to the taxpayer referred to in this point by the right of ownership, the benefit shall apply to the vehicle referred to in the application of the taxpayer, while grounds for the application of the benefit shall be considered the statement of information on the number of the vehicles belonging to the taxpayer by the right of ownership, issued by the body maintaining movable property cadastre, as well as the statement (statements) of information on the non-application of the benefit in respect of other vehicles, issued by the record-registration body (bodies) of the place (places) of vehicle registration.

The right to the benefits prescribed by this point shall terminate in case of releasing the military servant from service, as well as where the immovable property deemed to be a taxable object has been provided for lease or transferred for trust management during the military service.

The procedure for the application of the benefits prescribed by this part shall be defined by the Government.

2. The community council may, upon submission by the community head and in the manner prescribed by the community council, grant benefits in respect of the vehicle property tax and take decisions with regard to them on making payment from the community budget instead of the vehicle property taxpayer. Pursuant to this part, the amount of the benefit granted by the community council may not exceed 10 percent of the revenues specified in the community budget for the given tax year in respect of the vehicle property tax. Additional subsidies shall not be provided from the State

Budget of the Republic of Armenia to the community budget for the amounts of the benefits granted by the community council in respect of the vehicle property tax.

3. The vehicle property taxpayer enjoying a vehicle property tax benefit during the tax year shall be exempt from the vehicle property tax starting from the 1st day of the month, when the right to the benefit has arisen.

4. If the vehicle property tax benefit is terminated during the tax year, the vehicle property tax shall be calculated from the 1st day of the month following the one during which the benefit was terminated.

5. The documents attesting to the right of enjoyment of the vehicle property tax benefits and the procedure for the submission thereof shall be prescribed by the Government

(Article 245 amended by HO-261-N of 23 March 2018, edited by HO-332-N of 25 June 2020, amended by HO-353-N of 2 October 2024)

CHAPTER 53

CALCULATION OF VEHICLE PROPERTY TAX

Article 246. The procedure for the emergence and termination of the vehicle property tax liability

1. The vehicle property tax liability shall arise from the 1st day of the month following the one during which the ownership right over the vehicle property taxable object or a part thereof arose. The documents substantiating the ownership right over the vehicle property taxable object or a part thereof shall be considered a ground for the calculation of the vehicle property tax (emergence of tax liabilities).

2. The calculation of the vehicle property tax shall be terminated from the 1st day of the month following the one during which the ownership right over the vehicle property taxable object or a part thereof was terminated.

3. Irrespective of the provisions of parts 1 and 2 of this Article:

(1) in case a natural person considered the owner of a taxable object dies or is declared dead by a judgment of the court, the tax liabilities in respect of the taxable object, which were not discharged by the natural person who died or was declared dead by a judgement of the court, as well as the tax liabilities calculated in respect of the vehicle property tax of the given taxable object from the day of his or her death until the month (inclusive) of the registration of the ownership (succession) right in a manner prescribed by the legislation of the Republic of Armenia, shall be transferred to the new owner as prescribed by the Code. In cases prescribed by this point, the vehicle property tax liabilities shall arise from the 1st day of the month following the one during which the ownership (succession) right was registered;

(2) if the ownership right over the taxable object is granted state registration on the basis of a judgement, decision or legal act, the vehicle property tax liabilities calculated in respect of the given taxable object from the 1st day of the month following the one during which the judgement, decision or legal act was adopted, until the month (inclusive) of the state registration of the ownership right shall be transferred to the new owner. In cases prescribed by this point, the vehicle property tax liabilities shall arise from the 1st day of the month following the one during which the judgment, decision or legal act entered into force;

(3) if the ownership right of a natural person over a taxable object or, in cases prescribed by points 1 and 2 of this part, the tax liability for the payment of the vehicle property tax arises during the month preceding the period prescribed by part 1 of Article 251 of the Code, the tax liability of the given tax year in respect of the given taxable object shall be added to that of the following tax year;

(4) where the vehicle considered a taxable object belonging to natural persons is temporarily removed from record-registration in the authorised body record-registering (registering) vehicles, in case it is defective or its state license plates of old sample have not been replaced and it is not used before 31 December 2010 in the manner prescribed by the legislation of the Republic of Armenia, the vehicle property tax liability shall be terminated from 1 January of the tax year following the one during which the final annual technical inspection of that vehicle was conducted. In case of conducting repeat record-registration of the vehicle in the authorised body according to the application of a natural person, the vehicle property tax liabilities terminated in respect of that vehicle shall be reversed and be subject to discharge in the manner and amount prescribed by this section.

(5) tax liability with regard to vehicle property tax for taxable objects deemed to be an object of leasing shall arise with the lessee from 1st day of the month following the month a right to lease over

the vehicle deemed to be an object of leasing arises. The calculation of vehicle property tax for taxable objects deemed to be an object of leasing shall terminate with the lessee from 1st day of the month following the month of termination of the right to lease over the vehicle deemed to be an object of leasing (types thereof).

(6) tax liability with regard to vehicle property tax for taxable objects deemed to be an object of leasing shall be performed by the lessee s during the period prescribed by point 5 of this part, while for the same period no tax liability with regard to vehicle property tax for taxable objects deemed to be an object of leasing upon the contract on leasing (types thereof) shall be calculated with the lessor.

4. The existence of any lien put on the vehicle considered a taxable object as prescribed by the law shall not be considered a ground for not calculating the vehicle property tax.

(Article 246 amended by HO-321-N of 18 June 2020)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 247. Reporting period

1. Each reporting year shall be considered a reporting period for the calculation and payment of the vehicle property tax.

Article 248. Procedure for the calculation of the amount of vehicle property tax subject to payment to local budget

1. The vehicle property tax shall be calculated by multiplying the tax base prescribed by Article 243 of the Code by relevant rates prescribed by Article 244 of the Code, considering the benefits prescribed by Article 245 of the Code and the provisions of Article 249 of the Code.

2. Where the vehicle property tax liability arises or the calculation of the vehicle property tax is terminated as prescribed by Article 246 of the Code, the annual amounts of the vehicle property tax calculated in accordance with part 1 of this Article shall be adjusted in proportion to the months of the emergence of the vehicle property tax liabilities or the termination of the vehicle property tax calculation during the given tax year.

3. Based on the information received from the body maintaining movable property cadastre as prescribed by Article 250 of the Code, the record-keeping bodies shall — in the manner prescribed by this section — calculate the amounts of the vehicle property tax of vehicle property taxpayers and submit to the latter notification letters on the vehicle property tax payment (including by post or personal delivery) until 1 November of the current tax year.

4. The failure to submit the notification letter within the period prescribed by part 3 of this Article shall not exempt the vehicle property taxpayer from the obligation of discharging tax liabilities in full.

5. The vehicle property taxpayers may apply to the record-keeping bodies for receiving information or a statement of information on their liabilities in respect of vehicle property tax. The record-keeping bodies shall issue the mentioned statements of information or provide the mentioned information within three working days after receiving the applications.

6. Where the vehicle property taxpayers do not agree with the calculation of the vehicle property tax, they may apply to the relevant record-keeping bodies for the purpose of adjustment of the calculation of the vehicle property tax with respect to a vehicle considered a taxable object, while for receiving necessary information and data on the adjustment of the tax base they may apply to the body maintaining the movable property cadastre. The record-keeping or authorised bodies shall provide the mentioned information within three working days after receiving the applications.

Article 249. Procedure for the calculation of the amount of property tax of vehicles under common ownership

1. The vehicle property tax of a vehicle property taxable object under common ownership shall be calculated by the record-keeping bodies from the entire tax base of the vehicle.

2. Based on the information received from the body maintaining movable property cadastre as prescribed by Article 250 of the Code, the record-keeping bodies shall calculate the vehicle property tax of the co-owner vehicle property taxpayers:

(1) in case of common joint ownership — the entire tax liability calculated for the entire tax base of a vehicle property taxable object for either of the co-owners as prescribed by Article 248 of the Code;

(2) in case of common shared ownership — the tax liability calculated as prescribed by Article 248 of the Code for the entire tax base of a vehicle property taxable object for each of the co-owners in

the amount of his or her share.

Article 250. Provision of information

1. According to the procedure prescribed by the Government:

(1) The relevant authorised body maintaining movable property cadastre shall until 1 August (inclusive) of the given tax year submit to the record-keeping bodies information on the vehicles registered (record-registered) as of 1 July of the tax year and considered taxable objects belonging to the vehicle property taxpayers by the right of ownership;

(2) the relevant authorised body maintaining movable property cadastre shall until the 15th day (inclusive) of each month submit to the record-keeping bodies information on changes with regard to the vehicle owners and the registration (record-registration) data of vehicles during the preceding month;

(3) While performing its functions the tax authority may receive information on the calculated amounts of vehicle property tax from relevant record-keeping bodies;

(4) the body maintaining a movable property cadastre shall, prior to and including the 15th day of each month, submit to bodies conducting record-keeping the information on changes made to the data on the lessees of vehicles, as well as on record-registration of vehicles deemed to be an object of leasing during the previous month.

2. For the purpose of the calculation of the vehicle property tax, the vehicle property taxpayers may receive necessary information from the relevant authorised bodies prescribed by Article 241 of the Code.

(Article 250 amended by HO-261-N of 23 March 2018, supplemented by HO-321-N of 18 June 2020)

(Law HO-321-N of 18 June 2020 has a transitional provision)

CHAPTER 54

PROCEDURE FOR PAYMENT, OFFSET AND REFUND OF VEHICLE PROPERTY TAX

Article 251. Payment of vehicle property tax amount

1. Organisations and natural persons shall pay the annual amounts of the vehicle property tax (including the amounts of vehicle property tax liability calculated in the cases and manner prescribed by points 1-3 of part 3 of Article 246) to the community budget of the place of their state registration (record-registration) until 1 December (inclusive) of the tax year, considering the peculiarities prescribed by this Article. Given the absence of the place of record-registration (registration), natural persons shall pay the amounts of the vehicle property tax referred to in this part to the community budget of their main place of residence. If the main place of residence of the natural person is outside the territory of the Republic of Armenia, the amounts of the vehicle property tax referred to in this Article shall be paid to the community budget of the main place of location of the vehicle.

2. Natural persons shall completely discharge the tax liability in respect of the vehicle property tax for vehicles subject to annual technical inspection before presenting the vehicles for annual tax inspection in the given tax year.

3. The technical inspection of vehicles shall be carried out on the basis of a statement of information issued by the record-keeping bodies on the absence of tax liabilities in respect of the given vehicle, which also indicates the period of the tax year of issuing the statement of information for which the payments of the vehicle property tax in respect of the given vehicle have been made.

4. Where the vehicle is alienated, natural persons paying vehicle property tax shall completely discharge the vehicle property tax liabilities in respect of the given vehicle, which is a vehicle property taxable object, for the period including the month of the state registration day (inclusive) of the transfer of ownership right until the state registration of the ownership right arising from the alienation contract unless the alienation has been carried out by the compulsory enforcement officer, bankruptcy administrator or the pledgee.

5. Where the vehicle is alienated, the organisations paying vehicle property tax shall completely discharge the vehicle property tax liabilities in respect of given vehicle considered property taxable object for the period including the month of the state registration day (inclusive) of the transfer of ownership right until the state registration of the ownership right arising from the alienation contract unless the alienation has been carried out by the compulsory enforcement officer, bankruptcy administrator or the pledgee.

6. The body maintaining movable property cadastre shall-except for the cases of alienation carried out by the compulsory enforcement officer, bankruptcy administrator or the pledgee-carry out the state registration of vehicles on the basis of a statement of information issued by the record-keeping bodies on the absence of tax liabilities in respect of the vehicle, which also indicates the period of the tax year of issuing the statement of information for which the liabilities of vehicle property tax (for organisations — those of the property tax of vehicles recorded in the given record-keeping body) in respect of the given vehicle have been discharged.

7. Where the vehicle considered a taxable object belonging to natural persons is temporarily removed from record-registration in the body maintaining movable property cadastre of vehicles, in case it is defective or its state license plates of old sample have not been replaced and it is not used before 31 December 2010 in the manner prescribed by the legislation of the Republic of Armenia, the information submitted by the body maintaining movable property cadastre in the manner prescribed by Article 250 of the Code or a document substantiating the defect or temporary removal from record-registration (which also necessarily indicates the date of the last annual technical inspection of the given vehicle) issued to the vehicle property taxpayer shall serve as a basis for termination of the property tax liability of the vehicle (re-calculation of the vehicle property tax by record-keeping bodies). Upon the application of the natural person, the vehicles shall be subject to repeat record-registration in the body maintaining movable property cadastre on the basis of a statement of information on the absence of vehicle property tax liabilities issued to the vehicle property taxpayer by record-keeping bodies.

(Article 251 supplemented and amended by HO-266-N of 21 December 2017)

(Article as amended by Law HO-452-N of 15 November 2024 shall enter into force on 1 July 2025)

Article 252. Offset and/or refund of vehicle property tax amount for other tax liabilities

1. The offset and/or refund of vehicle property tax paid in excess of the amounts prescribed by the Code shall be carried out as prescribed by the Government.

(Article 252 amended by HO-261-N of 23 March 2018)

SECTION 13

SPECIAL TAX SYSTEMS

CHAPTER 55

(Chapter, as amended by Law HO-68-N of 25 June 2019, shall enter into force on 1 January 2020)

TURNOVER TAX SYSTEM

Article 253. Turnover tax

1. Turnover tax is a state tax, which substitutes the VAT and/or the profit tax and is paid to the State Budget in the manner, amount and within the time limits prescribed by the Code for carrying out the types of activity prescribed by Article 256 of the Code, which are considered to be taxable objects.

2. For resident commercial organisations the turnover tax shall substitute the VAT and/or the profit tax. The estimated value of profit tax in the turnover tax shall be considered to be 40 percent, while the estimated value of VAT — 60 percent.

3. For individual entrepreneurs the turnover tax shall substitute the VAT.

(Article 253 amended by HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 254. Turnover taxpayers

1. The resident commercial organisations meeting the condition prescribed by part 2 of this Article, and individual entrepreneurs (except for the cases prescribed by part 3 of this Article) shall be considered turnover taxpayers in the following cases and time limits:

(1) from 1 January of the given tax year until the end thereof (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has until 20 February (inclusive) of the given tax year submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer;

(2) a commercial organisation which has been granted state registration during the tax year or a natural person record-registered as an individual entrepreneur, accordingly from the day of the state registration as an organisation or record-registration as an individual entrepreneur until the end of the given tax year (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer on the 20th day (inclusive) following that of the state registration as an organisation or record-registration as an individual entrepreneur. Within the meaning of this point, the state registration of the re-organisation of organisations shall also be considered as state registration of a newly-created organisation or organisations established as a result of the re-organisation (except for the organisation, which is joined by another organisation or organisations in case of re-organisation through amalgamation, and the organisation from which another organisation or organisations are separated in case of re-organisation through separation);

(3) a commercial organisation or an individual entrepreneur which ceased to be considered an entity of micro-entrepreneurship during the tax year, from the day of ceasing to be considered an entity of micro-entrepreneurship until the end of the given tax year (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has, until the 20th day (inclusive) following that of ceasing to be considered an entity of micro-entrepreneurship, submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer;

(4) from the day referred to in the statement in a form approved by the tax authority on being considered a turnover taxpayer (but not earlier than the 20th day preceding the submission of the statement) until the end of the given tax year (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the entity of micro-entrepreneurship has submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer. If according to Article 268 of the Code, the entity of micro-entrepreneurship ceases to be considered as such before the day referred to in the statement in a form approved by the tax authority on being considered a turnover taxpayer, the entity of micro-entrepreneurship shall be deemed to be a turnover taxpayer from the day of ceasing to be considered an entity of micro-entrepreneurship as prescribed by point 3 of this part until the 20th day (inclusive) following that day by submitting to the tax authority a new statement in a form approved by the tax authority on being considered a turnover taxpayer (the previously submitted statement in a form approved by the tax authority on being considered a turnover taxpayer shall not be taken into consideration), and in case of not being considered a turnover taxpayer as prescribed by that point, he or she shall be considered a VAT payer according to point 3 of part 1 of Article 59 of the Code;

(5) a commercial organisation or an individual entrepreneur who did not carry out activity (terminated their activity) before 20 February (inclusive) of the tax year, from the day of resuming their activity until the end of the given tax year (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has on the 20th day (inclusive) following that of resuming the activity submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer;

(6) an individual entrepreneur removed from state record-registration before the beginning of the given tax year, from the day of the repeat record-registration as an individual entrepreneur during the given tax year until the end thereof (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has on the 20th day (inclusive) following that of repeat record-registration as an individual entrepreneur submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer;

(7) an individual entrepreneur removed from state record-registration during the tax year, from the day of repeat record-registration as an individual entrepreneur during the given tax year until the end thereof (except for the case of being considered a VAT payer prescribed by Article 59 of the Code during the tax year), if the taxpayer has on the 20th day (inclusive) following that of repeat record-registration as an individual entrepreneur submitted to the tax authority a statement in a form approved by the tax authority on being considered a turnover taxpayer, except for the cases when the individual entrepreneur was considered VAT payer in accordance with Article 59 of the Code accordingly before their removal from state record-registration during the given tax year.

2. The resident commercial organisation and individual entrepreneur, whose sales turnover in respect of all types of activities did not exceed AMD 115 million during the preceding tax year, may be considered a turnover taxpayer. Within the meaning of this part:

(1) the sales turnover shall also include the sales turnover attributed to the types of activity carried out within the framework of special tax system of micro-entrepreneurship;

(2) in case of the re-organisation of commercial organisations, the following peculiarities shall be

considered:

a. in case of the re-organisation of an organisation through division, the sales turnover of all types of activities carried out by the organisation re-organised through division during the preceding tax year shall be considered to be the sales turnover of all types of activities carried out by each of the newly-created organisation during the preceding tax year;

b. in case of the re-organisation of an organisation through separation, the sales turnover of all types of activities of the re-organised organisation carried out during the preceding tax year shall be considered to be the sales turnover of all types of activities of both the organisation from which another organisation or organisations have been separated and each of the separated organisation or organisations during the preceding tax year;

c. in case of the re-organisation of organisations through consolidation, the total entirety of the sales turnovers of all types of activities carried out by the consolidated organisations during the preceding tax year shall be considered to be the sales turnover of all types of activities of the newly-created organisation during the preceding tax year;

d. in case of the re-organisation of organisations through absorption, the entirety of the sales turnover of all types of activities carried out by the organisation, which has absorbed another organisation or organisations, during the preceding tax year and the sales turnovers of all types of activities carried out by the absorbed organisation or organisations during the preceding tax year shall be considered to be the sales turnover of all types of activities of the given organisation during the preceding tax year.

3. The following may not be considered turnover taxpayers:

(1) ***(point repealed by HO-68-N of 25 June 2019)***

(2) ***(point repealed by HO-68-N of 25 June 2019)***

(3) banks, credit organisations, insurance companies, insurance agents, insurance brokers, investment companies, professional participants in the securities market, pawnshops, persons engaged in currency exchange activities, investment funds, fund managers, payment and settlement organisations, persons engaged in organisation activities of casinos, games of chance, betting and internet betting, persons engaged in activities for organisation of lotteries, notaries, audit companies, and legal service providers;

(4) ***(point repealed by HO-103-N of 12 April 2022)***

(5) according to part 1 of Article 30 of the Code, the organisations and individual entrepreneurs considered to be related, except for the cases when according to part 1 of Article 30 of the Code, the organisations and/or natural persons related thereto submitted to the tax authority a statement on terminating their activity and did not actually carry out activity after the day of submitting the statement, and in case of referring to another day of terminating the activity in the statement, after that day;

(6) according to part 2 of Article 30 of the Code, the organisations and individual entrepreneurs considered as related, if during the preceding or current tax year the sum total of the sales turnovers of the commercial organisations and individual entrepreneurs declared as related upon the decision of the head of the tax authority exceeds AMD 115 million;

(7) organisations and individual entrepreneurs acting as a party to a contract on joint activity prescribed by Article 31 of the Code, as well as to a commission contract for supply of goods or an agency contract for supply of goods envisaging a condition of acting on behalf of the agent.

4. Commercial organisations and individual entrepreneurs shall be considered turnover taxpayers in respect of all types of activities.

5. ***(part repealed by HO-285-N of 12 June 2024)***

6. The resident commercial organisations and the individual entrepreneurs carrying out activities in the sector of public catering not meeting the conditions prescribed by this Chapter (except for the cases prescribed by point 3 of part 3 of this Article) may be considered turnover taxpayers in the cases and for the periods prescribed by part 1 of this Article (except for the case of submitting a declaration to the tax authority on being considered a VAT payer and submitting a statement on being record-registered as a VAT payer as prescribed by Article 59 of the Code), where they have submitted to the tax authority a statement on being considered a turnover taxpayer for carrying out activities in the sector of public catering, in the form approved by the tax authority within the time limits prescribed by part 1 of this Article.

7. The resident commercial organisations and the individual entrepreneurs carrying out activities in the sector of public catering (except for the cases prescribed by part 6 of this Article), the sales turnover with regard to all types of activities of which during the given tax year has exceeded AMD 115 million, or if during the given tax year any of the facts referred to in points 5-7 of part 3 of Article 254 of the Code has occurred, may continue to be considered as a turnover taxpayer from that day until the end of the tax year (except for the cases of submitting a statement to the tax authority on being considered a VAT payer and on being record-registered as a VAT payer as prescribed by Article 59 of the Code) irrespective of the restrictions prescribed by this Chapter (except for the cases

prescribed by point 3 of part 3 of this Article), where they exceed the amount of the sales turnover set by this part or submit a statement to the tax authority in the form approved by the tax authority on being considered as a turnover taxpayer for carrying out activities in the sector of public catering, from the day of occurrence any of the facts referred to in points 5-7 of part 3 of Article 254 of the Code until the 20th day following that day, inclusive.

8. Within the meaning of this Section, alienation of culinary products (including though delivery) and/or organisation of consumption thereof shall be deemed activities carried out in the sector of public catering. These activities shall also include supply of goods, performance of works, provision of services directly relating to organisation of consumption of culinary products, in particular — servicing, entry permission.

(Article 254 amended, supplemented by HO-266-N of 21 December 2017, amended, supplemented and edited by HO-68-N of 25 June 2019, amended by HO-185-N of 25 March 2020, NO-103-N of 12 April 2022, HO-450-N of 24 November 2022, supplemented by HO-340-N of 25 October 2023, amended, edited by HO-285-N of 12 June 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

(Law HO-340-N of 25 October 2023 has a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law "On regulation of gambling activities" is put into full effect)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 255. Cessation of being considered a turnover taxpayer

1. A turnover taxpayer shall cease (except for cases prescribed by parts 6 and 7 of Article 254 of the Code) to be considered as such, where:

(1) he or she has submitted to the tax authority a statement, making a note about being considered and record-registered as a VAT payer — from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the statement) until the end of the tax year referred to in the statement;

(2) the sales turnover in respect of all types of activities during the current tax year exceeded AMD 115 million — from the moment of exceeding until the end of the given tax year;

(3) one of the facts referred to in points 3, 5 or 7 of part 3 of Article 254 of the Code has occurred — from the day of the occurrence of that fact until the end of the given tax year;

(4) ***(point repealed by HO-103-N of 12 April 2022)***

(5) the fact referred to in point 6 of part 3 of Article 254 of the Code has occurred — from the beginning of the tax year including the day of the occurrence of that fact, and where the taxpayer has been granted a state registration or has been record-registered at a later date — then from the day of state registration or record-registration. In case of appealing against the decision referred to in point 6 of part 3 of Article 254 of the Code through a judicial procedure, the commercial organisations and individual entrepreneurs shall continue to be considered turnover taxpayers, and in case of entry into force of the judgment of the court on declaring invalid the decision referred to in point 6 of part 3 of Article 254 of the Code, the commercial organisations and individual entrepreneurs considered as related shall cease to be deemed as turnover taxpayers from the period prescribed by this point.

2. The commercial organisation or individual entrepreneur submits to the tax authority a statement, indicating the relevant ground and day of ceasing to be considered a turnover taxpayer, from the day of the occurrence of any of the facts prescribed by points 2, 3 and 5 of part 1 of this Article until the 20th day (inclusive) following that day.

(Article 255 amended and supplemented by HO-338-N of 21 June 2018, amended, supplemented and edited by HO-68-N of 25 June 2019, amended by HO-103-N of 12 April 2022, HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

(point 5 of part 1 of Article 255 with respect of extending the phrase "from the beginning of the tax year including the day of the occurrence of that fact" to the legal relations having occurred before entry into force of the Law, has been declared as contradicting part 1 of Article 73 of the Constitution and invalid by Decision SDVo-1437 of 14 December 2018)

Article 256. Turnover taxable objects

1. The supply of goods, performance of works and/or provision of services, except for the supply of goods, performance of works and/or provision of services within the scope of types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia "On state duty" shall be added after the words shall be considered a turnover taxable object. Within the meaning of this point, the transactions of alienation of intangible assets, as well as the transactions for which rental or usage fee, interest and/or royalty are received, shall also be considered provision of services.

(Article 256 supplemented by HO-68-N of 25 June 2019)

(Law Ho-68-N of 25 June 2019 has a transitional provision)

Article 257. Turnover tax base

1. The sales turnover of transactions considered a taxable object prescribed by Article 256 of the Code shall be considered a turnover tax base.

2. Within the meaning of this Article, the accounting of incomes shall be carried out as prescribed by Section 6 of the Code.

3. ***(part repealed by HO-285-N of 12 June 2024)***

(Article 257 supplemented by HO-68-N of 25 June 2019, amended by HO-285-N of 12 June 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 258. Turnover tax rates

1. Considering the provisions prescribed by parts 2-8 of this Article, the turnover tax against the tax base of transactions considered a turnover taxable object shall be calculated at the following rates:

	Type of income	Rate (percent)
(1)	Incomes derived from the commercial (purchase and sale) activity, except for incomes derived from the types of activity provided for by points 2 and 9 of this Table	10
(2)	Incomes derived from the commercial (purchase and sale) activity of the secondary raw material included in the list defined by the Government	5
(3)	Incomes derived by editorial offices from the alienation of newspapers	1.5
(4)	Incomes derived from production activity	7
(5)	Rental, interest, royalty	10
(6)	Incomes derived from the activity carried out in the sector of public catering	12
(7)	Incomes derived from the alienation of other assets not being included in the section "Organisation of public catering" of the classifier of the economic activity applied in the Republic of Armenia by turnover taxpayers having submitted a statement on being considered a turnover taxpayer for carrying out activities in the sector of public catering in the form approved by the tax authority, as well as income from other activities	20
(8)	Incomes derived from types of activity included in the list of types of activity of the high technologies sector defined by the Government	1

(9)	Incomes derived from alienation of other assets, including immovable property	10
(10)	Incomes derived from other activity	10

2. The amount of turnover tax calculated for the reporting period in respect of the tax base formed from the commercial (purchase and sale) activity at the rate prescribed by Item 1 of the Table of part 1 of this Article shall be deducted in the amount of 9.5 percent of the sum total of expenses prescribed by part 6 of this Article. Where after the deductions prescribed by this part, the amount of turnover tax is less than 1 percent of the tax base formed from the commercial (purchase and sale) activity, the deduction of the expenses shall be made in an amount for the turnover tax to comprise 1 percent of the tax base formed from the commercial (purchase and sale) activity.

3. The amount of turnover tax calculated for the reporting period at the rate prescribed by part 1 of this Article with respect to the tax base formed from the production activities prescribed by Item 4 of the Table of part 1 of this Article shall be deducted in the amount of 5 percent of the sum total of the expenses prescribed by part 6 of this Article. Where after the deductions prescribed by this part the amount of turnover tax is less than 3 percent of the tax base formed from the production activities, the deduction of the expenses shall be made in the amount for the turnover tax to comprise 3 percent of the tax base formed from the production activities.

4. The amount of turnover tax calculated for the reporting period in respect of the tax base formed from the activity carried out in the sector of public catering prescribed by Item 6 of the Table of part 1 of this Article at the rate prescribed by part 1 of this Article shall be deducted in the amount of 9 percent of the sum total of expenses prescribed by part 6 of this Article. Where after the deductions prescribed by this part, the amount of turnover tax is less than 3.5 percent of the tax base formed from the activity carried out in the sector of public catering, the deduction with respect to the expenses shall be made in an amount for the turnover tax to comprise 3.5 percent of the tax base formed from the activity carried out in the sector of public catering.

5. The amount of turnover tax calculated for the reporting period in respect of the tax base formed from other activity prescribed by Item 10 of the Table of part 1 of this Article at the rate prescribed by part 1 of this Article shall be deducted in the amount of 6 percent of the sum total of the expenses prescribed by part 6 of this Article. Where after the deductions prescribed by this part the amount of turnover tax is less than 4.5 percent of the tax base formed from other activity prescribed by Item 10 of the Table of part 1 of this Article, the deduction of the expenses shall be made in the amount for the turnover tax to comprise 4.5 percent of the tax base formed from other activity.

6. For the purposes of parts 2-5 of this Article:

(1) expenses deducted from the amount of turnover tax shall be the expenses directly related to the production of goods, performance of works and/or provision of services (except for amortisation deductions on fixed assets of production significance in exploitation and on intangible assets in exploitation, as well as expenses made on these fixed assets and intangible assets), the original cost of goods constituting the object of commercial (purchase and sale) activity, as well as sales expenses that are incurred during the given reporting period and substantiated by the documents prescribed by points 1-5 of part 2 of Article 55 of the Code, as well as parts 12 and 13 of the same Article. Within the meaning of application of this point:

a. expenses incurred during the reporting period shall be the expenses with regard to goods acquired, services provided, works accepted during the given reporting period;

b. expenses directly related to production of goods, performance of works and/or provision of services shall be the expenses prescribed by point 1 of the third paragraph of part 1 of Article 121 of the Code (except for amortisation deductions on fixed assets of production significance in exploitation and on intangible assets in exploitation, as well as expenses made on these fixed assets and intangible assets), and the sales expenses shall be the expenses prescribed by point 3 of the third paragraph of part 7 of Article 121 of the Code;

(2) expenses deducted from the amount of turnover tax shall not be the expenses with respect to assets, works and services received gratuitously, as well as in case of alienation by taxpayers carrying out activities in the sector of public catering of other assets not considered culinary products — their original cost.

7. In accordance with parts 2-5 of this Article, the part not deducted from the amount of turnover tax in respect of the expenses (including when there are no tax bases formed from the activities carried out in the sector of commercial (purchase and sale) activity, production, public catering and other activity prescribed by Item 10 of the Table of part 1 of this Article for the reporting period) shall — in observance of parts 2-5 of this Article — be deducted from the amount of turnover tax calculated against the tax bases formed, respectively, from the activities carried out in the sector of commercial (purchase and sale) activity, production, public catering and other activity prescribed by Item 10 of the Table of part 1 of this Article for subsequent reporting periods.

8. Turnover taxpayers having submitted a statement — in the form approved by the tax authority — on being considered a turnover taxpayer for carrying out activities in the sector of public catering shall only calculate the turnover tax at the relevant rates defined by Items 6 and 7 of the Table of part 1 of this Article.

(Article 258 amended, supplemented and edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, amended and supplemented by HO-68-N of 25 June 2019, edited by HO-285-N of 12 June 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Row 8 of the Table of part 1 of the Article shall be effective until 31 December 2031, according to Article 2 of Law HO-500-N of 4 December 2024 amending Law HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 259. Reporting period

1. Each reporting quarter shall be considered to be a reporting period for turnover tax calculation and payment.

Article 260. Procedure for the calculation of the turnover tax amount subject to payment to the State Budget

1. Based on the results of the activity (except for activities prescribed by Items 1, 4, 6 and 10 of the Table of part 1 of Article 258 of the Code) of the reporting period, the turnover taxpayers shall pay to the State Budget the amount of turnover tax calculated against the tax base formed during that period, applying the relevant rates prescribed by part 1 of Article 258 of the Code.

2. Based on the results of the activity carried out during the reporting period, the turnover taxpayers shall pay — with respect to the activities prescribed by Items 1, 4, 6 and 10 of the Table of part 1 of Article 258 of the Code — to the State Budget the difference between the amount of turnover tax calculated against the tax base formed during that period by applying the relevant rates prescribed by part 1 of Article 258 of the Code and the amount deductible from the turnover tax amount calculated as prescribed by parts 2-5 and 7 of Article 258 of the Code.

3. For the purpose of calculation of the turnover tax in respect of the activities prescribed by Items 1, 4, 6 and 10 of the Table of part 1 of Article 258 of the Code, expenses shall be record-registered separately.

(Article 260 amended by HO-261-N of 23 March 2018, edited by HO-266-N of 21 December 2017, HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 261. Submission of turnover tax calculation reports

1. Turnover taxpayers shall, as prescribed by Article 53 of the Code, submit to the tax authority turnover tax calculation reports until the 20th day (inclusive) of the month following each reporting period. In case of being considered an excise taxpayer with respect to taxable objects prescribed by points 1 and/or 4 of part 1 of Article 84 of the Code, the turnover taxpayers shall — as prescribed by Article 53 of the Code — submit to the tax authority a unified calculation report of VAT and excise tax until the 20th day (inclusive) of the month following each reporting month.

(Article 261 supplemented by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 262. Payment of turnover tax amount

1. Turnover taxpayers shall pay to the State Budget the turnover tax amounts, which are calculated as prescribed by Article 260 of the Code and subject to payment to the State Budget, until the 20th day (inclusive) of the month following each reporting period.

Article 263. Calculation and payment of other taxes and fees by turnover taxpayers

1. The procedures for the calculation and payment of other taxes (which are not substituted by

turnover tax) and fees shall be maintained for the turnover taxpayer in the cases and manner prescribed by the Code, except for cases prescribed by part 2 of this Article.

2. With respect to relations regulated by this Chapter, turnover taxpayers shall be exempt from:

(1) making advance profit tax payments prescribed by Article 135 of the Code;

(2) performing obligations prescribed for the tax agent by part 13 of Article 150 of the Code with respect to acquisition of agricultural products and secondary raw material included in the list defined by the Government.

(Article 263 edited by Law HO-340-N of 25 October 2023)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 264. Shift from the turnover tax system to general tax system

1. From the moment of ceasing to be considered a turnover taxpayer (from the moment of shifting from the turnover tax system to general tax system), the taxpayers shall — as prescribed by the Code — calculate and discharge their tax liabilities during the remaining period of the given tax year in respect of the tax bases formed after the moment of ceasing to be considered a turnover taxpayer.

2. In case of shifting from the turnover tax system to general tax system, the expenses for acquiring fixed assets and intangible assets shall — as prescribed by the Code — be deducted from the gross income of the taxpayer before and/or during the period of being considered a turnover taxpayer. Within the meaning of this part, in case of shifting from the turnover tax system to general tax system:

(1) the amortisation deductions calculated as prescribed by Article 121 of the Code with regard to fixed assets and intangible assets in the turnover tax system shall be taken into consideration for the purpose of determining the book value of fixed assets and intangible assets;

(2) the expenses for the amortisation deductions calculated as prescribed by Article 121 of the Code with regard to fixed assets and intangible assets shall be deducted from the gross income from the 1st day of the month following the one including the day of shifting from the turnover tax system to general tax system;

(3) the administrative, other expenses of non-productive nature, as well as financial expenses (in respect of the part, which, according to the same part, shall be deducted during the tax year it refers to) prescribed by part 7 of Article 121 of the Code, which refer to the month including the day of shifting from the turnover tax system to general tax system, shall be deducted from the gross income in the amount corresponding to the proportion of the days — included in the period from the day of shifting from the turnover tax system to general tax system until the end of the month including that day — within all the days of the given month.

3. In case of shifting from the turnover tax system to general tax system, the original costs of the assets not referred to in part 2 of this Article (except for the assets prescribed by parts 2-5 of Article 258 of the Code) and made before and/or during the period of being considered a turnover taxpayer shall be deducted from the gross income of the taxpayer as prescribed by the Code.

4. In the case of shifting from the turnover tax system to general tax system, the part not deducted in respect of the expenses shall, pursuant to part 7 of Article 258 of the Code, be deducted from the gross income of the reporting period including the day of shifting from the turnover tax system to general tax system in the amount of 10-fold for commercial (purchase and sale) activity, 20-fold for production activity, 10-fold for the activity carried out in the public catering and 15-fold for other activity prescribed by Item 10 of the Table of part 1 of Article 258 of the Code, respectively.

(Article 264 supplemented by HO-266-N of 21 December 2017, amended, edited by HO-285-N of 12 June 2024)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 265. Crediting of turnover tax amount to single account

1. The turnover tax amounts paid in excess of the amounts prescribed by the Code shall be credited to the single account in the manner and within the time limits prescribed by the Code with regard to tax administration.

CHAPTER 56

(Chapter edited by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

MICRO-ENTREPRENEURSHIP SYSTEM

Article 266. Micro-entrepreneurship

1. The activity carried out by the resident commercial organisations and natural persons meeting the criteria prescribed by this Chapter for the purpose of deriving entrepreneurial income shall be considered a micro-entrepreneurship.

Article 267. Entities of micro-entrepreneurship

1. Resident commercial organisations and individual entrepreneurs (except for the cases prescribed by part 5 of this Article) meeting the conditions prescribed by parts 3 of this Article shall be considered as entities of micro-entrepreneurship in the following cases and periods:

(1) from January 1 until the end of the given tax year (except for the cases of being considered a turnover taxpayer during the tax year as prescribed by Article 254 of the Code or a VAT payer during the tax year as prescribed by Article 59 of the Code) if the taxpayer has, before February 20 (inclusive) of the given tax year, has submitted to the tax authority — in a form approved by it — a statement on being considered an entity of micro-entrepreneurship;

(2) a commercial organisation which has been granted state registration or a natural person record-registered as an individual entrepreneur during the tax year, from the day of state registration as an organisation or record-registration as an individual entrepreneur, respectively, until the end of the given tax year (except for the cases of being considered a turnover taxpayer during the tax year as prescribed by Article 254 of the Code or a VAT payer during the tax year as prescribed by Article 59 of the Code) if the taxpayer has, before the 20th day (inclusive) after that of state registration as an organisation or record-registration as an individual entrepreneur, respectively, submitted to the tax authority — in a form approved by it — a statement on being considered a micro-entrepreneurship entity. Within the meaning of this point, the state registration of the re-organisation of organisations shall also be deemed to be a state registration of newly-created organisation or organisations established as a result of the re-organisation (except for the organisation, which is joined by another organisation or organisations in case of the re-organisation through amalgamation, and the organisation from which another organisation or organisations are separated in case of re-organisation through separation);

(3) a commercial organisation or an individual entrepreneur, which has not carried out activity (has terminated its activity) until February 20 (inclusive) of the given tax year, from the day it resumes its activity until the end of the given tax year (except for the cases of being considered a turnover taxpayer during the tax year as prescribed by Article 254 of the Code or a VAT payer during the tax year as prescribed by Article 59 of the Code), if the taxpayer has, before the 20th day (inclusive) following that of resuming their activity, submitted to the tax authority — in a form approved by it —a statement on being considered an entity of micro-entrepreneurship;

(4) an individual entrepreneur removed from state record-registration before the beginning of the given tax year, from the day of repeated record-registration as an individual entrepreneur during the given tax year until the end thereof (except for the cases of being considered a turnover taxpayer during the tax year as prescribed by Article 254 of the Code or a VAT payer during the tax year as prescribed by Article 59 of the Code), if the taxpayer has, before the 20th day (inclusive) following that of repeated record-registration as an individual entrepreneur submitted to the tax authority — in a form approved by it — a statement on being considered an entity of micro-entrepreneurship;

(5) an individual entrepreneur removed from state record-registration during the tax year, from the day of repeated record-registration as an individual entrepreneur during the given tax year until the end of the tax year (except for the cases of being considered a turnover taxpayer during the tax year as prescribed by Article 254 of the Code or a VAT payer during the tax year as prescribed by Article 59 of the Code), if the taxpayer has, before the 20th day (inclusive) following that of repeated record-registration as an individual entrepreneur submitted to the tax authority — in a form approved by it — a statement on being considered an entity of micro-entrepreneurship, except for the cases when the individual entrepreneur has been, according to Article 254 of the Code, considered a turnover taxpayer during the given tax year before being removed from state record-registration, or has been considered a VAT payer, according to Article 59 of the Code.

2. A natural person not considered an individual entrepreneur meeting the conditions prescribed by parts 3 and 4 of this Article shall be considered an entity of micro-entrepreneurship if he or she has submitted to the tax authority — in a form approved by it — a statement on being considered an entity of micro-entrepreneurship. The natural person not considered an individual entrepreneur shall submit the statement on being considered an entity of micro-entrepreneurship for a specific period for carrying out the activity (in the course of any reporting month or reporting months of the tax year, or in the course of a tax year or tax years) before carrying out the given type of activity or continuing the given type of activity. The tax authority shall, during one working day following submission of the statement on being considered an entity of micro-entrepreneurship by the natural person not

considered an individual entrepreneur, provide a patent for being considered as an entity of micro-entrepreneurship in the form set by it.

3. The resident commercial organisation and individual entrepreneur the sales turnover whereof with regard to all types of activities during the previous tax year has not exceeded AMD 24 million, as well as the natural person not considered an individual entrepreneur the sales turnover of whom with respect to all types of activities prescribed by Annex 3, forming the constituent part of the Code, during the previous tax year has not exceeded AMD 24 million, may be considered as entities of micro-entrepreneurship entities. Within the meaning of this part:

(1) the sales turnover shall also include the sales turnover attributed to the types of activity carried out within the framework of turnover tax system;

(2) in case of the re-organisation of commercial organisations, the following peculiarities shall be taken into consideration:

a. in case of the re-organisation of an organisation through division, the sales turnover of all types of activities carried out by the organisation re-organised through division during the preceding tax year shall be considered to be the sales turnover of each of the newly-created organisation in respect of all types of activities carried out during the preceding tax year;

b. in case of the re-organisation of an organisation through separation, the sales turnover of all types of activities of the re-organised organisation carried out during the preceding tax year shall be considered to be the sales turnover of all types of activities carried out by both the organisation from which another organisation or organisations have been separated and each of the separated organisation or organisations, during the preceding tax year;

c. in case of the re-organisation of an organisation through merger, the entirety of the sales turnovers of all types of activities carried out by the merged organisations during the preceding tax year shall be considered to be the sales turnover of all types of activities carried out by the newly-created organisation during the preceding tax year;

d. in case of the re-organisation of organisations through amalgamation, the entirety of the sales turnover of all types of activities carried out by the organisation, which has absorbed another organisation or organisations, during the preceding tax year and the sales turnovers of all types of activities carried out by the absorbed organisation or organisations during the preceding tax year shall be considered to be the sales turnover of all types of activities carried out by the given organisation during the preceding tax year.

4. A natural person not considered an individual entrepreneur may be considered as an entity of micro-entrepreneurship if he or she is exclusively engaged in the types of activities prescribed by Annex 3 forming the constituent part of the Code.

5. The following may not be considered as entities of micro-entrepreneurship:

(1) banks, credit organisations, insurance companies, insurance agents, insurance brokers, investment companies, professional participants of the securities market, pawnshops, persons engaged in currency exchange activities, investment funds, fund managers, payment and settlement organisations, notaries, persons engaged in organisation activities of casinos, games of chance or lotteries, persons engaged in activities for organisation of saunas, baths and steam baths, audit organisations, organisations and individual entrepreneurs engaged in commercial (purchase and sale) activity;

(2) persons providing consultation, legal, accounting, engineering, advertising, design, marketing, translation, expert, expert examination, medical care and service, dental, hairdresser, body care, vehicle maintenance and repair, brokerage (including purchase and sale of immovable property and/or transfer thereof under a lease or for gratuitous use) services, carrying out information processing (including information gathering and summary) and transmission (communication), scientific and research, development and engineering, as well as technological and construction activities, activities for elaboration of architectural and construction design documents, activities for appraisal and measurement of the immovable property; persons engaged in activities in the sector of public catering (except for the activities in the sector of public catering (breakfast, lunch, dinner) directly related to the hotel services provided through travel houses, provided for by Annex 3 of the Code), as well as persons carrying out other activities and providing services similar to the activities or services referred to in this point;

(3) ***(point repealed by HO-285-N of 12 June 2024)***

(4) organisations and individual entrepreneurs engaged in the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia "On state duty" in respect of these activities;

(5) ***(point repealed by HO-103-N of 12 April 2022)***

(6) according to part 1 of Article 30 of the Code, organisations and natural persons considered as related, except for the cases when according to part 1 of Article 30 of the Code, the organisations and/or natural persons related thereto have submitted to the tax authority a statement on terminating their activity and have not actually carried out activity after the day of submitting the

statement, and in case of referring in the statement to another day for terminating the activity, after that day;

(7) according to part 2 of Article 30 of the Code, organisations and natural persons considered as related, if during the preceding or current tax year the sum total of the sales turnovers of the organisations and natural persons declared as related upon the decision of the head of the tax authority exceeds AMD 24 million;

(8) organisations and natural persons acting as a party to a contract on joint activity prescribed by Article 31 of the Code, as well as to a commission contract or supply of goods or an agency contract for supply of goods envisaging a condition of acting on behalf of the agent;

(9) Natural persons not considered individual entrepreneurs, who during their activity use the work of other natural persons not considered individual entrepreneurs;

(10) ***(point repealed by HO-285-N of 12 June 2024)***

(11) organisations and individual entrepreneurs acting as a party — receiving rental, interest and/or royalty — to an acting contract envisaging receipt of rental, interest (except for the interest accrued for the positive balance of the current account existing in the servicing bank) and/or royalty.

(Article 267 amended by HO-185-N of 25 March 2020, HO-103-N of 12 April 2022, amended and supplemented by HO-450-N of 24 November 2022, supplemented by HO-340-N of 25 October 2023, edited, amended by HO-285-N of 12 June 2024)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-450-N of 24 November 2022 has transitional provisions)

(Law HO-340-N of 25 October 2023 has a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law "On regulation of gambling activities" is put into full effect)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 268. Ceasing to be considered a micro-entrepreneurship entity

1. A micro-entrepreneurship entity shall cease to be considered as such, where:

(1) the organisation or individual entrepreneur has submitted to the tax authority a statement, making a note about being considered and record-registered as a VAT payer — from the day indicated in the statement (but not earlier than the 20th day preceding the day of submitting the statement) until the end of the tax year referred to in the statement or has submitted a statement — in a form approved by the tax authority — on being considered a turnover taxpayer, from the day of submitting that statement until the end of the given tax year;

(2) during the current tax year, the sales turnover with regard to all types of activities of an organisation or individual entrepreneur, and in case of a natural person not considered an individual entrepreneur — all types of activities prescribed by Annex 3 forming the constituent part of the Code, has exceeded AMD 24 million, from the moment of exceeding till the end of the given tax year;

(3) one of the facts referred to in points 1-3, 6, 8, 9 or 11 of part 5 of Article 267 of the Code has occurred — from the day of the occurrence of that fact till the end of the given tax year;

(4) ***(point repealed by HO-285-N of 12 June 2024)***

(5) the fact referred to in point 7 of part 5 of Article 267 of the Code has occurred — from the beginning of the tax year including the day of the occurrence of this fact, and where the taxpayer has been granted a state registration or has been record-registered later — from the day of state registration or record-registration. In case of appealing against the decision referred to in point 7 of part 5 of Article 267 of the Code through a judicial procedure, the commercial organisations and natural persons shall continue to be considered as entities of micro-entrepreneurship, and in case of entry into force of the judgment of the court on declaring invalid the decision referred to in point 7 of part 5 of Article 267 of the Code, the commercial organisations and natural persons shall cease to be considered as micro-entrepreneurship entities from the period prescribed by this point.

2. On the grounds provided for by part 1 of this Article, an individual entrepreneur and natural person not considered as an individual entrepreneur who has ceased to be considered as a micro-entrepreneurship entity on the grounds provided for by part 1 of this Article shall, within the relevant periods — as provided for by the same part — for ceasing to be considered a micro-entrepreneurship entity, be deprived of the right to be considered micro-entrepreneurship entity as a natural person not considered an individual entrepreneur or as an individual entrepreneur, respectively.

(Article 268 amended by HO-103-N of 12 April 2022, HO-450-N of 24 November 2022, HO-285-N of 12 June 2024)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

(Law HO-285-N of 12 June 2024 has a transitional provision)

Article 269. Calculation and payment of taxes and fees by micro-entrepreneurship entities

1. The micro-entrepreneurship entities shall be exempt from all the obligations of calculating and paying to the State Budget the state taxes originating in respect of the micro-entrepreneurship (including from the obligation to calculate, withhold and transfer the tax to the State Budget as a tax agent, as well as that of making advance profit tax payments prescribed by Article 135 of the Code), except for the cases prescribed by part 2 of this Article.

2. The micro-entrepreneurship entities shall not be exempt from the following:

(1) the obligation of calculating and paying to the State Budget the taxes in respect of the goods imported into the Republic of Armenia (including from the EAEU member states) as prescribed by the Code;

(2) the obligation of calculating and paying a tax income as prescribed by the Code from the taxable incomes paid (calculated) to natural persons who are not individual entrepreneurs and notaries;

(3) the obligation of calculating and paying the excise tax, environmental tax and/or road tax to the State Budget as prescribed by the Code.

3. Within the framework of the system for taxation of micro-entrepreneurship, the records of the income shall be conducted as prescribed by Section 6 of the Code.

(Article 269 supplemented and edited by HO-450-N of 24 November 2022)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

Article 270. Submission of tax calculation reports by micro-entrepreneurship entities

1. Resident commercial organisations and individual entrepreneurs considered micro-entrepreneurship entities (except for the individual entrepreneurs considered micro-entrepreneurship entities with respect to the types of activities prescribed by Annex 3 forming the constituent part of the Code) shall, as prescribed by Article 53 of the Code, until February 1 (inclusive) of the tax year following the tax year submit to the tax authority a statement on the sales turnover with regard to all types of activities during the previous tax year.

2. The organisations and individual entrepreneurs considered micro-entrepreneurship entities shall, as prescribed by Article 53 of the Code, until the 20th day (inclusive) of the month following each reporting month submit to the tax authority an income tax calculation report prescribed by part 1 of Article 156 of the Code.

3. The micro-entrepreneurship entities shall be exempt from submitting other tax calculation reports prescribed by the Code, except for:

(1) the documents prescribed by part 1 of Article 77 of the Code;

(2) the unified calculation report of VAT and excise tax reflecting the VAT amount separated in the tax invoice, which has been issued in violation of any of the restrictions prescribed by Article 67 of the Code;

(3) In case of being considered, as prescribed by the Code, an excise taxpayer with respect to taxable objects prescribed by points 1 and/or 4 of part 1 of Article 84 of the Code, the unified calculation report of VAT and excise tax to be submitted to the tax authority until the 20th day (inclusive) of the month following each reporting month;

(4) the unified tax calculation reports of environmental tax and natural resources utilization fees prescribed by Article 180 of the Code.

(Article 270 amended by HO-450-N of 24 November 2022)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

Article 271. Payment of taxes and fees by micro-entrepreneurship entities

(Article repealed by HO-450-N of 24 November 2022)

(Law HO-450-N of 24 November 2022 has a final part and transitional provisions)

Article 272. Shift from micro-entrepreneurship system to the turnover tax system or

general taxation system

1. From the moment of ceasing to be considered an entity of micro-entrepreneurship, the resident commercial organisation and the individual entrepreneur shall:

(1) in case of shifting to the turnover tax system, calculate and discharge tax liabilities during the remaining period of the given tax year as prescribed by Chapter 55 of the Code (except for the cases of being considered a VAT payer during the tax year as prescribed by Article 59 of the Code) in respect of the tax bases formed from the moment of ceasing to be considered a micro-entrepreneurship entity;

(2) in case of shifting to the general taxation system, calculate and discharge the tax liabilities during the remaining period of the given tax year in respect of the tax bases formed after the moment of ceasing to be considered a micro-entrepreneurship entity as prescribed by the Code.

2. In case of shifting from the micro-entrepreneurship system to general taxation system, the expenses for acquiring fixed assets and intangible assets shall be deducted from the gross income of the taxpayer before being considered a micro-entrepreneurship entity and/or during the period of being considered a micro-entrepreneurship entity as prescribed by the Code. Within the meaning of this part, in case of shifting from the micro-entrepreneurship system to general taxation system:

(1) for the purpose of determining the book value of fixed assets and intangible assets, the amortisation deductions calculated in the manner prescribed by Article 121 of the Code with regard to fixed assets and intangible assets in the micro-entrepreneurship system shall be taken into consideration;

(2) the expenses for the amortisation deductions calculated as prescribed by Article 121 of the Code with regard to fixed assets and intangible assets shall be deducted from the gross income from the 1st day of the month following the one including the day of shifting from the micro-entrepreneurship system to general taxation system;

(3) the administrative, sales and other expenses made not with regard to production, as well as financial expenses (in respect of the part, which, according to the same part, shall be deducted during the tax year it refers to) prescribed by part 7 of Article 121 of the Code, which refer to the month including the day of shifting from the micro-entrepreneurship system to general taxation system, shall be deducted from the gross income in the amount corresponding to the proportion of the days in the given month, comprising the period which starts from the day of shifting from the micro-entrepreneurship system to general taxation system and until the end of the month including that day.

3. In case of shifting from the micro-entrepreneurship system to general taxation system, the original cost of the assets not referred to in part 2 of this Article made before and/or during the period of being considered a micro-entrepreneurship entity, shall be deducted from the gross income of the taxpayer as prescribed by the Code.

Annex 3

List

of types of activities that may be carried out by natural persons not considered as individual entrepreneurs, who are considered micro entrepreneurship entities

	Types of activities
1.	Carried out by the order of the population:
(1)	manufacture of footwear and leather haberdashery and other similar products, manufacture of footwear and leather goods, repair of footwear and leather haberdashery facilities, repair of footwear and leather products
(2)	manufacture and repair of clothing
(3)	manufacturing and repair of hats
(4)	manufacturing and repair of carpets and carpet products
(5)	preparation of wooden items, repair of furniture and home furnishings
(6)	manufacture and repair of non-expensive jewellery

	Types of activities
(7)	repair, software maintenance of computer equipment, televisions, washing machines, air conditioners and other home appliances
(8)	manufacture of bicycles and wheelchairs, repair of products of personal use and other household products
(9)	manufacture of household and ornamental ceramic products
(10)	manufacture of other porcelain and ceramics products
(11)	plate rolling
2.	Repair of watches, timers, musical instruments
3.	Other sector-specific education courses
4.	Language courses
5.	Preparatory courses for admission to higher and other institutions
6.	Dance and singing teaching activities
7.	Performing arts activities, support activities to performing arts
8.	Creative activity
9.	Event host activity
10.	Educational activities and extracurricular education in gymnastics and sports
11.	Provision of services in private households (without differentiation) for own consumption
12.	Blacksmithing
13.	Provision of hotel services through travel houses (including activities in the sector of public catering (breakfast, lunch, dinner) directly related to such services

(Annex amended by HO-353-N of 2 October 2024)

CHAPTER 57

PATENT TAX

(Chapter repealed by Ho-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

PART 3

TAX ADMINISTRATION PART

SECTION 14

RECORD-REGISTRATION OF TAXPAYERS

CHAPTER 58

SYSTEM OF RECORD-REGISTRATION OF TAXPAYERS

Article 285. Record-registration of taxpayers with the tax authority

1. For the purpose of carrying out tax administration by tax authority, the tax authority shall conduct record-registration of organisations and natural persons.

2. For the purpose of carrying out tax administration, by record-registration bodies, with respect to immovable property tax and vehicle property tax as prescribed by Sections 11 and 12 of the Code, record-registration of taxpayers shall be conducted as prescribed by the Government.

(Article 285 amended by HO-261-N of 23 March 2018)

Article 286. System of record-registration of taxpayers

1. A unified system of record-registration of taxpayers shall function in the tax authority.

2. Record-registration of taxpayers shall be conducted through the taxpayer identification number.

3. Record-registration of VAT payers shall be conducted in compliance with the requirements prescribed by Chapter 59 of the Code.

4. Record-registration data of taxpayers shall be entered into the unified electronic register maintained in the tax authority.

Article 287. Taxpayer identification number

1. A taxpayer identification number (hereinafter referred to as “TIN”), which shall be the identifying code thereof, shall be issued to the taxpayer record-registered with the tax authority.

2. The TIN shall be unique and shall not be subject to change. The TIN may not be provided to another taxpayer.

3. The TIN issued to a natural person shall remain unchanged in case of being record-registered as an individual entrepreneur or a notary. In case of repeat record-registration as an individual entrepreneur or re-appointment as a notary after removing the individual entrepreneur from state record-registration or terminating the activities of a notary, the previous TIN shall be issued thereto, which shall not change also when, after the termination of activities of an individual entrepreneur or a notary, the taxpayer submits tax calculation reports to the tax authority as a natural person not deemed an individual entrepreneur and a notary.

4. The TIN shall consist of an eight-digit number. The first seven digits of the TIN shall be the serial number, the eighth digit shall be for check and shall be calculated on the basis of the previous seven digits. The formula for the calculation of the check digit of the TIN shall be prescribed by the tax authority.

5. Bank accounts for organisations, individual entrepreneurs and notaries shall be opened by the banks operating in the territory of the Republic of Armenia only in case of availability of a TIN. The procedure for providing information to the tax authority concerning opening of bank accounts for organisations, individual entrepreneurs and notaries by the banks operating in the territory of the Republic of Armenia shall be prescribed by the Central Bank of the Republic of Armenia and the tax authority, by a joint order.

Article 288. Placing on record-registration with the tax authority

1. Organisations obtaining state registration (record-registration) with the Agency for State Register, and individual entrepreneurs obtaining state record-registration shall obtain the TIN through the Agency for State Register.

2. Organisations obtaining state registration (record-registration) by the Central Bank of the Republic of Armenia shall obtain the TIN through the Central Bank of the Republic of Armenia, as prescribed by the joint order of the Central Bank of the Republic of Armenia and the tax authority.

3. For obtaining a TIN, notaries, natural persons not deemed individual entrepreneurs, diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto, permanent establishments (except for branches and representations of non-resident organisations, which are record-registered with the Agency for State Register) shall apply to the tax authority. The procedure for placing on record-registration with the tax authority of taxpayers mentioned in this part shall be prescribed by the Government. Irrespective of the provisions prescribed by this Chapter, the Government may prescribe a simplified procedure for registration with the tax authority of natural persons not deemed individual entrepreneurs.

4. An organisation newly registered with the Agency for State Register shall be record-registered with the tax authority servicing the address of the place of state registration (in cases prescribed by law — of state record-registration) thereof.

5. An individual entrepreneur newly record-registered with the Agency for State Register shall be record-registered with the tax authority servicing the address of residence or record-registration thereof.

6. A notary shall be record-registered with the tax authority servicing the notarial territory thereof. In case of mismatch between the notarial territory and service territories of the tax authority, the notary shall be record-registered with the tax authority servicing the address of carrying out activities thereof.

7. A natural person not deemed an individual entrepreneur and a notary shall be record-registered with the tax authority servicing the address of residence or record-registration thereof.

8. Diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto shall be record-registered with the tax authority servicing the territory of location of their permanent representation (in particular — seat, office).

9. Where activities carried out by a non-resident organisation or a non-resident natural person in the Republic of Armenia are characterised by the features of a permanent establishment prescribed by Article 27 of the Code, the permanent establishment of the given non-resident organisation or non-resident natural person (except for branches and representations of non-resident organisations, which are record-registered with the Agency for State Register) shall be record-registered with the tax authority servicing one of the addresses of places of activities in the Republic of Armenia, prescribed by Article 27 of the Code. Where activities carried out by a non-resident organisation or a non-resident natural person in the Republic of Armenia are not yet characterised by the features of a permanent establishment prescribed by Article 27 of the Code, the permanent establishment of the given non-resident organisation or non-resident natural person (except for branches and representations of non-resident organisations, which are record-registered with the Agency for State Register) may be record-registered with the tax authority servicing one of the addresses of places of activities in the Republic of Armenia, prescribed by Article 27 of the Code.

9.1. In case a non-resident organisation not having a permanent establishment in the Republic of Armenia provides electronic service to a natural person who is not considered to be an individual entrepreneur or a notary, the non resident organisation shall be placed on record-registration with the tax authority, in accordance with the procedure prescribed by the Government. The list of non-resident organisations providing electronic services, which do not have permanent establishment in the Republic of Armenia and which are registered with the tax authority shall be posted on the official website of the tax authority.

9.2. In case a non-resident organisation or an individual entrepreneur of another EAEU member state having no permanent establishment in the Republic of Armenia and operating the electronic trading platform supplies goods to a natural person who is not an individual entrepreneur or a notary within the scope of electronic trading, the non-resident organisation or the individual entrepreneur shall be registered with the tax authority in accordance with the procedure prescribed by the Government.

10. A taxpayer shall be deemed record-registered with the tax authority from the moment of making a relevant entry in the unified state electronic register.

(Article 288 amended by HO-261-N of 23 March 2018, supplemented by HO-359-N of 17 November 2021, HO-593-N of 23 December 2022, HO-595-N of 23 December 2022)

(Law HO-359-N of 17 November 2021 has a transitional provision)

(Law HO-593-N of 23 December 2022 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 289. Documents necessary for being record-registered with the tax authority

1. Documents and information on state registration (record-registration) of organisations and individual entrepreneurs shall be submitted by the Agency for State Register to the tax authority as prescribed by the Government.

2. Documents and information on state registration (record-registration) of organisations registered with the Central Bank of the Republic of Armenia shall be submitted by the Central Bank of the Republic of Armenia to the tax authority, as prescribed by the joint order of the Central Bank of the Republic of Armenia and the tax authority.

3. For being placed on record-registration with the tax authority, notaries shall submit the following documents:

(1) application on issuance of a TIN, filled out in the form and manner approved by the tax authority;

(2) carbon copy of the order or decision on being appointed to the position of a notary;

(3) carbon copy of the passport or identification card;

(4) public services number, and in case of absence thereof — the carbon copy of the statement of information provided by the authorised body on the absence of a public services number.

4. For being placed on record-registration with the tax authority, natural persons not deemed individual entrepreneurs and notaries, shall submit the following documents:

(1) application on issuance of a TIN, filled out by a natural person in the form and manner approved by the tax authority;

(2) carbon copy of the passport or identification card;

(3) public services number, and in case of absence thereof — the carbon copy of the statement of information provided by the authorised body on the absence of a public services number.

In cases prescribed by the Code, in case of emergence of liability for natural persons not deemed an individual entrepreneur and notary to calculate and pay tax in the manner and amount prescribed by the Code, as well as to pay relevant annual state duty pursuant to the Law “On state duty”, record-registration of natural persons not deemed an individual entrepreneur and notary shall be conducted by the tax authority, irrespective of submission of documents prescribed by this part.

5. For being placed on record-registration with the tax authority, diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto shall submit the following documents:

(1) application on issuance of a TIN, filled out by an authorised official in the form and manner approved by the tax authority;

(2) carbon copy of the document confirming the status.

6. In cases prescribed by part 9 of Article 288 of the Code:

(1) to be placed on record-registration with the tax authority, a non-resident organisation shall submit the following documents:

a. application on issuance of a TIN, filled out by an authorised official in the form and manner approved by the tax authority;

b. carbon copy of the founding document certifying the registration in the country of residence;

(2) to be placed on record-registration with the tax authority, a non-resident natural person shall submit the following documents:

a. application on issuance of a TIN, filled out by a natural person in the form and manner approved by the tax authority;

b. carbon copy of the passport.

(Article 289 amended by HO-261-N of 23 March 2018, supplemented by HO-42-N of 4 March 2022)

Article 290. Formulation and suspension of record-registration with the tax authority

1. The processing of the application, submitted by the taxpayers mentioned in parts 3-6 of Article 289 of the Code, on being placed on record-registration may be suspended in case one of the following grounds exists:

(1) where the submitted documents are not complete, are filled out incompletely or with violations or are not in compliance with the list of documents prescribed by Article 289 of the Code;

(2) the submitted documents contain inaccuracies or include incorrect data on the taxpayer.

2. The taxpayer shall be informed in writing about the suspension — on the grounds referred to in part 1 of this Article — of the processing of the application submitted by the taxpayer on being placed on record-registration by the end of the next working day after receiving the application, mentioning the ground for suspension. After the elimination of the grounds for suspension of the processing of the application, the tax authority shall record-register the taxpayer in the manner and within the time limit prescribed by part 4 of this Article.

3. After informing the applicant about the grounds for suspension of the processing of the application of the taxpayer on being placed on record-registration, the time limit prescribed by part 4 of this Article shall be suspended until the elimination of the grounds for suspension of the application.

4. In case of failure to identify grounds for suspension, the information shall be registered in the unified register and the applicant shall be issued a TIN and the taxpayer registration certificate within one working day after the receipt of the documents.

5. The forms of the application on being placed on record-registration and of the taxpayer registration certificate shall be prescribed by the tax authority.

Article 291. Placing on record-registration with the tax authority electronically

1. For being placed on record-registration with the tax authority, the taxpayers mentioned in part 3 of Article 288 of the Code may also submit the documents prescribed by parts 3-6 of Article 289 of the Code electronically.

2. In case of failure to identify inaccuracies or grounds for rejection during the automatic verification of the data submitted for being placed on record-registration with the tax authority, the submitted information shall be entered into the unified register by the information system of the tax authority.

3. After the end of the entry, the information system shall issue a TIN to the applicant and send the electronic version of the taxpayer registration certificate — within one working day — to the electronic mail address provided by the taxpayer.

CHAPTER 59

RECORD-REGISTRATION OF VALUE ADDED TAXPAYERS

Article 292. Peculiarities of record-registration of a value added taxpayer

1. Record-registration of VAT payers with the tax authority shall be conducted on the basis of VAT identification numbers.

2. VAT identification number shall be the TIN, at the end whereof a slash and the digit “1” are added.

3. The tax authority shall post the list of persons record-registered as VAT payers on the official website of the tax service, with a search option.

Article 293. Placing on record-registration of a value added taxpayer

1. In cases prescribed by points 1 and 2 of part 1, as well as by points 1 and 3 of part 2 of Article 59 of the Code, in compliance with Article 292 of the Code, record-registration as a VAT payer shall be conducted by the tax authority, on the day prescribed by the points mentioned in this part.

2. In cases prescribed by points 3-5 of part 1, as well as by point 2 of part 2 and part 2.1 of Article 59 of the Code, in compliance with Article 292 of the Code, record-registration as a VAT payer shall be conducted on the basis of a statement submitted by the taxpayer, on the day prescribed by the points mentioned in this part.

(Article 293 amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 293.1 Verification and peculiarities of tax discipline of value added taxpayers

1. Upon the application of value added taxpayers and in case of meeting the criteria prescribed by the procedure approved by the Government, the law-abidingness of the taxpayer shall be verified through the issuance of a special certificate.

2. Law-abidingness of a value added taxpayer shall be verified through a certificate of a law-abiding taxpayer issued by the tax authority for activities performed during the period prescribed by this Article. The certificate of a law-abiding taxpayer shall be issued based on activities performed from 1 January of the year proceeding the reporting year including the day of submission of the application by the value added taxpayer organisation or individual entrepreneur up to the period including the last calendar day of the month proceeding the day of submission of the application.

3. The certificate of a law-abiding taxpayer shall be valid from the day of issuance up to the end of the last calendar day of the 12th month following the month of issuing the certificate.

4. Favourable conditions for carrying out administration can be prescribed by the Code and other legal acts for the taxpayers owing a certificate of a law-abiding taxpayer. The list of taxpayers having been granted a certificate of a law-abiding taxpayer shall be published on the official website of the tax authority.

5. The criteria for being considered as a law-abiding taxpayer, as well as the procedure for the issuance of a certificate of a law-abiding taxpayer shall be established by the Government.

(Article 293.1 supplemented by HO-190-N of 5 May 2021)

(Law HO-190-N of 5 May 2021 has a transitional provision)

CHAPTER 60

RECORD-REGISTRATION OF TAXPAYERS IN CASE OF RE-ORGANISATION AND CHANGING OF THE TAX AUTHORITY OF RECORD-REGISTRATION OF A TAXPAYER

Article 294. Record-registration of taxpayers in case of re-organisation

1. In case of restructuring of the organisation, the TIN shall be transferred to the legal successor thereof, and in case of other types of re-organisation:

(1) in case of re-organisation through absorption of organisations, the TIN of the organisation which has absorbed another organisation or organisations shall continue to function, and the TIN of the absorbed organisation or organisations shall be removed from record-registration;

(2) in case of re-organisation through consolidation of organisations, the newly-created organisation shall be issued a new TIN, and the TINs of the consolidating organisations shall be removed from record-registration;

(3) in case of re-organisation through separation of organisations, the newly-separated organisation or organisations shall be issued a new TIN, and the organisation from which separation took place shall continue being record-registered with the TIN thereof;

(4) in case of re-organisation through division of organisations, each of the newly-created organisations shall be issued a new TIN, and the TIN of the previous organisation shall be removed from record-registration.

2. Conditioned by the re-organisation of organisations, the Agency for State Register shall submit the information and documents on state registration (record-registration) to the tax authority as prescribed by the Government.

3. Conditioned by the re-organisation of organisations having obtained state registration with the Central Bank of the Republic of Armenia, documents and information on state registration shall be submitted by the Central Bank of the Republic of Armenia to the tax authority, as prescribed by the joint order of the Central Bank of the Republic of Armenia and the tax authority.

(Article 294 amended by HO-261-N of 23 March 2018)

Article 295. Changing of the tax authority of record-registration of a taxpayer

1. The tax authority of record-registration of a taxpayer may change upon the decision of the head of the tax authority, in case one of the grounds mentioned in part 2 of this Article exists, where:

(1) places (postal addresses) of location of an organisation (in case of a natural person — of record-registration or residence) and of actual performance of activities do not correspond to each other;

(2) taxpayer carries out activities at more than one addresses.

2. Upon the decision of the head of the tax authority, grounds for transferring the record-registration of an organisation or individual entrepreneur from one tax authority to another tax authority shall be:

(1) change of the main place of activities;

(2) predominance of the share of the income derived from one place in the proportion of the gross income;

(3) change of the centre of business interests, of the place of location of the management of the organisation;

(4) sector-related, season-related, territorial or other similar peculiarities of the activities.

Article 296. Submission of information on change of the data of a taxpayer

1. The Agency for State Register shall provide to the tax authority the information and documents on change of the data submitted during the record-registration with the tax authority of organisations having obtained state registration (record-registration) and of natural persons record-registered as individual entrepreneurs with the Agency for State Register, as prescribed by the Government.

2. Documents and information on change of the data submitted during the record-registration with the tax authority of organisations having obtained state registration with the Central Bank of the

Republic of Armenia shall be provided by the Central Bank of the Republic of Armenia to the tax authority, as prescribed by the joint order of the Central Bank of the Republic of Armenia and the tax authority.

3. Information on change of the passport data of natural persons not deemed individual entrepreneurs and of notaries shall be provided by the authorised body maintaining the state register of population to the tax authority, as prescribed by the Government.

(Article 296 amended by HO-261-N of 23 March 2018)

CHAPTER 61

SUSPENSION OF ACTIVITIES AND REMOVAL FROM RECORD-REGISTRATION OF TAXPAYERS

Article 297. Removal from record-registration with the tax authority of organisations having obtained state registration (record-registration) by the Agency for State Register

1. The Agency for State Register shall — on the day of making the entry on commencing a liquidation process of an organisation in cases prescribed by law — provide online to the tax authority the name, TIN of the organisation, and the information on undergoing a liquidation process (in case of liquidation upon the judgment of the court — the information on the judgment or decision of the court).

2. After receiving the information on the organisation undergoing a liquidation process, the tax authority shall conduct a complex tax inspection in the organisation being liquidated.

3. In case of receiving an enquiry from the Agency for State Register for certifying the absence of tax liabilities of the organisation with respect to the State Budget, the tax authority shall — within 20 days after the day of receiving the enquiry — provide a statement of information on the liabilities with respect to the incomes controlled by the tax authority, in the form prescribed by the tax authority.

4. The Agency for State Register shall — on the day of making the entry of the information on liquidation — provide to the tax authority information on the year, month and date of state registration of the liquidation of the organisation. The mentioned information shall update automatically in the unified register, and the organisation shall be deemed removed from record-registration from that moment on.

Article 298. Removal from record-registration with the tax authority (termination of activities) of individual entrepreneurs having obtained state record-registration by the Agency for State Register

1. The Agency for State Register shall — on the day of making the entry on commencing a process of removing the individual entrepreneur from state record-registration — provide online to the tax authority the name, surname, TIN of the individual entrepreneur, the year, month, date of the application serving as a ground for removing from state record-registration, in case of removing from state record-registration as a result of bankruptcy — information on the decision of the court, in case of death — the year, month, date of death.

2. After receiving the information prescribed by part 1 of this Article, the tax authority shall provide online to the Agency for State Register information on the tax liabilities of the individual entrepreneur, recorded with the tax authority as of the given day.

3. The Agency for State Register shall — on the day of making the entry of the information on removing the individual entrepreneur from state record-registration (terminating the activities) — provide to the tax authority information on the year, month and date of removing the individual entrepreneur from state record-registration. The mentioned information shall update automatically in the unified register, and the individual entrepreneur shall be deemed removed from record-registration from that moment on.

4. After removing an individual entrepreneur from state record-registration, tax calculation reports submitted by the natural person for the period of being deemed an individual entrepreneur, the data on payments made with respect to taxes and fees shall be entered into the information system of the tax authority.

Article 299. Removal from record-registration of organisations having obtained state registration by the Central Bank of the Republic of Armenia

1. In cases prescribed by law, the Central Bank of the Republic of Armenia shall — within three working days following the day of rendering a decision on liquidation of an organisation — provide online to the tax authority the name, TIN, address of the official website of the organisation and the information on granting permission for liquidation.

2. After receiving the data prescribed by part 1 of this Article, the tax authority shall conduct a complex tax inspection in the organisation being liquidated.

3. The Central Bank of the Republic of Armenia shall — within three working days following the day of making the entry on removing the organisation from registration — provide online to the tax authority information on the year, month and date of making the entry on removing the organisation from registration. The mentioned information shall update automatically in the unified register, and the organisation shall be deemed removed from record-registration from that moment on.

Article 300. Removal from record-registration of natural persons not deemed individual entrepreneurs and notaries

1. For removing a natural person not deemed an individual entrepreneur and a notary from record-registration, the carbon copy of the document certifying the fact of the death thereof submitted by a third person shall be a ground.

2. Relevant entries shall be made on the natural person in the unified register within one working day after the receipt of information or submission of the document mentioned in this Article. The natural person shall be deemed removed from record-registration from the day of the death.

3. The body maintaining the State Population Register shall provide to the tax authority information on dead natural persons, as prescribed by the Government.

(Article 300 amended by HO-261-N of 23 March 2018)

Article 301. Removal of notaries from record-registration

1. For withdrawing from record-registration, a notary shall submit to the tax authority an application and one of the following documents:

(1) carbon copy of the decision of the Minister of Justice of the Republic of Armenia on suspension of notarial activities;

(2) carbon copy of the decision of the court on dismissal from the position of notary;

(3) carbon copy of the order of the Minister of Justice of the Republic of Armenia on dismissal from the position of notary.

2. The carbon copy of the order or decision on suspension of the activities of a notary or on dismissal from the position, submitted by the Minister of Justice of the Republic of Armenia, or the carbon copy of the document certifying the fact of the death thereof, submitted by a third person, may be a ground for removing a notary from record-registration.

3. In case of receipt of one of the documents prescribed by this Article, information on termination of activities of the given notary shall be entered into the unified register within one working day. A notary shall be deemed removed from record-registration from the day of suspension of activities or dismissal from the position, or of death.

Article 302. Removal from record-registration of diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto

1. Based on the data received from the Ministry of Foreign Affairs of the Republic of Armenia on termination of activities of diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto, information on termination of activities of the given organisation shall be entered into the unified register within one working day. The organisation shall be deemed removed from record-registration from the moment of termination of activities of the organisations mentioned in this part.

Article 303. Removal from record-registration of the permanent establishment of a non-resident organisation or a non-resident natural person (except for branches and representations of non-resident organisations, which are record-registered with the Agency for State Register)

1. For withdrawing from record-registration, the permanent establishment of a non-resident

organisation (except for branches and representations of non-resident organisations, which are record-registered with the Agency for State Register) shall submit an application to the tax authority. Based on the application, information on termination of activities of the permanent establishment of a non-resident organisation shall be entered into the unified register within one working day. From the day mentioned in the application, the permanent establishment of a non-resident organisation shall be deemed removed from record-registration.

2. For removing the permanent establishment of a non-resident natural person from record-registration, the carbon copy of the document certifying the fact of the death thereof submitted by a third person shall be a ground. Relevant entries shall be made on the permanent establishment in the unified register within one working day after the submission of the carbon copy of the document mentioned in this Article. The permanent establishment shall be deemed removed from record-registration from the day of the death of the natural person.

Article 303.1 Removal from state registration of taxpayers registered with the tax authority that do not comply with organisational and legal forms provided for by Chapter 5 of the Civil Code of the Republic of Armenia or do not have state registration (record-registration)

Taxpayers registered with the tax authority that fail to comply with the organisational and legal forms provided for by Chapter 5 of the Civil Code of the Republic of Armenia or not having obtained state registration (registration) shall be removed from state registration through the procedure established by the tax authority.

(Article 303.1 supplemented by HO-55-N of 4 March 2022)

(Law HO-55-N of 4 March 2022 has a transitional provision)

SECTION 15

SERVICE OF TAXPAYERS

CHAPTER 62

SERVICE OF TAXPAYERS

Article 304. Functions of the tax authority of servicing taxpayers

1. Servicing of taxpayers by the tax authority shall be the provision of services prescribed by the Code, which shall be aimed at the perception and ensuring of the voluntary performance of obligations of taxpayers or tax agents, provided for by the Code. Servicing of taxpayers shall be carried out in the form of notice to taxpayers, acceptance and/or provision of tax calculation reports and other documents prescribed by the Code, as well as of registrations, record-registrations, approvals, certifications for taxpayers, and of other processes.

2. For the purpose of servicing taxpayers, the tax authority shall carry out the following functions:

(1) public notice of legal acts regulating tax relations;

(2) ***(point repealed by HO-338-N of 21 June 2018)***

(3) notice to taxpayers;

(4) publication of lists of taxpayers;

(5) carrying out other functions of notice to taxpayers;

(6) conclusion of contracts on submission of tax calculation reports electronically, provision of an electronic code and password;

(7) acceptance of tax calculation reports;

(8) acceptance of applications, statements, other documents prescribed by the Code, and ensuring of further processing;

(9) ensuring of the possibility of viewing live online the taxpayer’s personal account card (including tax liabilities and satisfaction thereof);

(10) approval of the status of a resident of the Republic of Armenia or provision of a statement of information confirming the residency;

(11) acceptance of an application on receiving a statement of information on the taxes paid in the Republic of Armenia by a non-resident and provision of a statement of information;

(12) acceptance and approval of a certificate-application on the refund of taxes levied, as prescribed by the Code, from incomes derived from the sources located in the Republic of Armenia;

(13) other services prescribed by the legislation of the Republic of Armenia.

2.1.

3. The tax authority shall carry out the functions mentioned in part 2 of this Article free of charge, except for those services or actions for which collecting of state duty is prescribed by law.

(Article 304 amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-292-N of 12 June 2024 shall enter into force on 1 January 2026)

CHAPTER 63

FUNCTIONS OF NOTICE TO TAXPAYERS

Article 305. Public notice of legal acts regulating tax relations

1. The tax authority shall notify taxpayers of the legal acts regulating tax relations.

2. Notice to taxpayers of the legal acts regulating tax relations shall be carried out through publishing an official communication on the official website of the tax authority, organising press-conferences and meetings with the mass media, publishing interviews, articles or information, or making speeches on the television and radio.

3. The tax authority shall be obliged to ensure the notice to taxpayers of the legal acts regulating tax relations not later than within one month following the day of official publication of those legal acts.

4. The tax authority shall also make the notification provided for by this Article during the validity period of compliant taxpayer certificate within 10 days following the official publication of the relevant legal acts by sending a notice to the electronic mail of the taxpayer.

(Article 305 supplemented by HO-190-N of 5 May 2021)

(Law HO-190-N of 5 May 2021 has a transitional provision)

Article 306. Provision of official clarifications

1. The state body authorised by the Government and exercising state regulation of the financial sector (hereinafter referred to in this Article as "the authorised body") shall, in the manner defined by the authorised body, provide official clarifications in cases and within time limits prescribed by the Law of the Republic of Armenia "On regulatory legal acts", unless otherwise prescribed by this Article.

2. The authorised body shall provide the official clarification not later that within fifteen working days following the receipt of the application. The official clarification may be extended for another fifteen working days, informing thereon the person requesting an official clarification.

3. Official clarifications shall be published on the official websites of the authorised body and tax authority. Where the application submitted to receive an official clarification refers to a legal act or its provision for which the authorised body has previously made an official clarification, no new official clarification shall be made, and, based on the application, the authorised body or the tax authority shall carry out a process of personal notification of the taxpayer, making reference to the bulletin or the official website, where the previously made clarification is published.

(Article 306 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, edited by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 307. Notice to taxpayers

1. The tax authority shall carry out notice based on the enquiry application of the taxpayer on the issues prescribed by the state authority exercising state regulation of the financial sector.

2. Notice to the taxpayer shall be the provision of information on the application of requirements of the legal acts regulating tax relations, as well as of the obligations, powers and actions of the tax authority and the officials of the tax authority.

3. For the purpose of notifying, the taxpayer shall apply to the tax authority orally and/or in writing. In case of an oral application, the tax authority shall carry out the notice to the applicant immediately after receiving the application, whereas in case of a written application — within 15 days after receiving the application. In case of a necessity to make an enquiry to another competent authority in relation to the written application, the time limit of the processing of the application may be postponed by 15 more days.

4. The tax authority shall not carry out notice with regard to the application or any of its questions, where:

(1) the question does not relate to the powers of the tax authority;

(2) the question supposes disclosure of information constituting state, tax or another secret protected by law;

(3) the following are missing:

a. in case of an oral application — the name, surname of the applicant, and in case of a representative of an organisation — also the name or TIN of the organisation;

b. in case of a written application — the name, surname, place of residence and signature of the applicant, and in case of a representative of an organisation — also the name of the organisation, the TIN or place of location;

(4) the application pursues a goal to receive confirmation of incorrect or correct performance of certain cases of calculation or payment of taxes or to carry out expert examination of activities and/or documents of the taxpayer.

5. Where no notice is carried out, in cases prescribed by part 4 of this Article, with regard to the application or any of its questions, the tax authority shall inform the applicant about it within five days, mentioning the reason and ground for the failure to carry out notice.

6. Where no notice is carried out, in cases prescribed by part 4 of this Article, with regard to any of the questions of an application containing more than one question, the tax authority shall carry out the notice with regard to the rest of the questions of the application.

7. Where quotation from a legal act or clarification of the tax authority is necessary for carrying out notice based on the oral question, the tax authority shall suggest to the applicant submitting a written application.

8. The tax authority shall post the most frequently occurred questions within the scope of activities of notifying the taxpayers and the notices (responses) issued thereon, without the data relating to taxpayers, on the official website of the tax authority, and shall, for the purpose of carrying out further notices based on the applications submitted on the same questions, make reference to the relevant notices issued on the official website.

(Article 307 supplemented by HO-338-N of 21 June 2018, amended by HO-69-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 308. Publication of lists of taxpayers

1. For the purpose of notifying taxpayers, the tax authority shall publish — through the procedure and in the manner prescribed by the Government — the following on the official website of the tax authority:

(1) until 1st of July inclusive of the tax year following the tax year:

a. list of taxpayers having declared tax loss and accumulated arrears by the results of the tax year;

b. list of taxpayers not having registered recruitment of a worker as prescribed by legislation;

c. lists of taxpayers having paid AMD 50 million and more profit tax to the State Budget of the Republic of Armenia by the results of the tax year;

d. lists of tax agents having paid AMD 10 million and more income tax to the State Budget of the Republic of Armenia by the results of the tax year;

e. ***(sub-point repealed by HO-103-N of 12 April 2022)***

e.1 the lists of taxes paid and payments made based on the results of the year by taxpayers using subsoil, who have received permit for extraction of metal mineral resources, lists of products exported thereby, which reflect the value and quantitative measurements;

f. other information prescribed by the legislation of the Republic of Armenia;

(2) lists of the first 1 000 large taxpayers and the amounts of taxes paid thereby from the beginning of the tax year, calculated progressively, by 25th of the month following each quarter inclusive. The list mentioned in this point does not include state bodies and community

administration institutions of the Republic of Armenia.

(Article 308 supplemented by HO-193-N of 21 March 2018, amended by HO-261 -N of 23 March 2018, HO-103-N of 12 April 2022, amended, supplemented by HO-88-N of 23 March 2022)

(Law HO-88-N of 23 March 2022 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

Article 309. Other functions of notice to taxpayers

1. For the purpose of notifying taxpayers, the tax authority shall carry out functions of notifying, reminding, providing informative materials, holding informative and educational events.

2. The procedure for carrying out the notifying functions mentioned in this Article shall be prescribed by the tax authority.

CHAPTER 64

FUNCTIONS OF ACCEPTING AND ISSUING TAX CALCULATION REPORTS AND OTHER DOCUMENTS

Article 310. Conclusion of contracts for submitting tax calculation reports in electronic form, issuance of electronic code and password

1. The electronic submission by the taxpayer or tax agent of tax calculation reports prescribed by the Code shall be carried out on the basis of the contract for electronic submission of tax calculation reports concluded with the tax authority (hereinafter referred as the “CES”), using electronic digital signature, electronic code and password.

2. CES shall be a contract for provision of services wherein the subject-matter of the contract and the conditions for providing services, the data of passport or identification card of the person authorised by the taxpayer or tax agent and submitting tax calculation reports in electronic form, the public service number (where it is unavailable, the number of the statement of information concerning the absence of the public service number provided by the authorised body), the powers and obligations of the taxpayer or tax agent and of the tax authority, the procedure for confirming the fact of submission by the taxpayer or tax agent of tax calculation reports in due manner and within due time limits in case of technical failures, the procedure for examining the disputes, the liability of the parties, the validity period of the contract and other conditions shall be stated. The template for a CES shall be prescribed by the tax authority.

3. The definition and application of electronic digital signature shall be regulated by the Law of the Republic of Armenia “On electronic document and electronic digital signature”. Electronic code and password shall be a combination of a login name and a password presented in a unique order of electronic digital symbols, enabling access to the information system of the tax authority, identification of the person submitting the electronic document, as well as ensuring the confidentiality and protection of information regarding the person accessing the electronic system against actions carried out by other persons.

4. For the purpose of concluding a CES and receiving electronic code and password, the taxpayer or tax agent shall submit the following to the tax authority:

(1) passport or identification card;

(2) public service number (where it is unavailable, the number of the statement of information concerning the absence of the public service number, provided by the authorised body).

5. The authority shall complete and conclude a CES within one working day.

6. The tax authority shall, within one working day after concluding a CES, hand in the relevant electronic password and code to the competent person of the taxpayer or tax agent, ensuring the confidentiality thereof. The taxpayer or tax agent shall be responsible for maintaining the confidentiality of the electronic password and code as well as for not disseminating them. In cases of loss, damage of the password or replacement of the competent person using it, the taxpayer or tax agent shall apply to the tax authority for receiving a new password. Resetting of the password or provision of a new password shall be carried out under the simplified procedure approved by the tax authority.

Article 311. Acceptance of tax calculation reports

1. In cases prescribed by the Code, the tax authority shall accept the tax calculation reports, prescribed by the Code, which are submitted by the taxpayer or tax agent.

2. For the purpose of submitting tax calculation reports to the tax authority, the taxpayer or tax agent shall conclude a CES with the tax authority in compliance with the requirements of Article 310 of the Code, receive an electronic code and password.

3. In case the tax authority accepts the tax calculation report, the electronic system shall send a notification to the user confirming the fact, date of accepting the tax calculation report and the number of registration in the database. The date indicated in the notification shall be the day of submitting the tax calculation report to the tax authority.

4. History of actions carried out by the taxpayer shall be stored in the relevant library of the website, from which the taxpayer can export and print the tax calculation report.

5. The tax authority shall ensure, as prescribed by the legislation, the protection and storage of data of the tax calculation report, accepted in electronic form, in the database of the tax authority.

6.

7.

(Article as amended by Law HO-292-N of 12 June 2024 shall enter into force on 1 January 2026)

Article 312. Acceptance of other documents, as well as, in cases prescribed by the Code, of tax calculation reports in paper form

1. Documents not considered to be tax calculation reports (hereinafter referred to as “other documents”) shall be submitted to the tax authority in electronic form, except for the documents, for which the system of the tax authority for accepting documents in electronic form does not enable submission in electronic form.

2. In cases prescribed by part 5 of Article 53 of the Code, tax calculation reports may be submitted to the tax authority also in paper form.

3. The taxpayer shall submit other documents and tax calculation reports in hard copy to the tax authority of the place of record-registration thereof.

4. Other documents and tax calculation reports shall be submitted in hard copies to the tax authority:

(1) through postal communication, only by registered mail;

(2) in person, by handing them in to the competent official of the tax authority.

5. All expenses associated with submitting other documents and tax calculation reports to the tax authority by registered mail shall be covered by the taxpayer.

6. In case the taxpayer submits the registered mail to a tax authority other than the tax authority of the place of record-registration thereof, the tax authority having received the registered mail shall return it to the taxpayer within one working day after receiving it, with the letter of the competent official of the tax authority, through postal communication, or in person, with the receipt signature.

7. In case other documents and tax calculation reports are submitted to the tax authority by registered mail, the day of submitting other documents and tax calculation reports to the tax authority shall be considered the date-stamp mark, impressed on the envelope of the letter by the post office, which certifies the date of acceptance. Where the date-stamp mark of the post office is missing from the envelope of the registered letter or is damaged or apparently illegible, the registered letter shall not be accepted by the tax authority.

8. In case other documents and tax calculation reports are submitted to the tax authority by registered mail, the taxpayer shall indicate the return address of the place of record-registration or location thereof on the envelope of the registered letter. Envelopes without the return address of the taxpayer shall not be accepted by the tax authority. The existence of a content description sheet (hereinafter referred to as “the sheet”) in the letter shall be mandatory, wherein the names of other documents and the number of pages thereof are indicated in the form of a list. The taxpayer shall sign the sheet and enclose it to other documents and tax calculation reports submitted. In case of absence of a sheet, the tax authority shall return all other documents and tax calculation reports submitted by registered mail to the taxpayer within one working day after receiving them, with a letter of the competent official and with relevant justification, through postal communication, or in person, with return signature.

9. In case the tax authority returns other documents and tax calculation reports to the taxpayer, the day of return shall be considered to be the day the post (courier) service receives the registered letter with other documents and tax calculation reports. Where the date-stamp mark is missing from the envelope of the registered letter or it is damaged or is apparently illegible, other documents or tax calculation reports shall not be considered returned to the taxpayer.

10. When accepting other documents and tax calculation reports submitted by registered mail, the competent official of the tax authority shall check the availability of data subject to mandatory completion in other documents and tax calculation reports.

11. In case other documents or tax calculation reports are not submitted in the form prescribed by the tax authority (including jointly with other agencies) or other documents or tax calculation reports lack any data subject to mandatory completion or any other document or a document constituting an integral part thereof indicated in the sheet is absent, other documents or tax calculation reports shall be considered not submitted and the competent official of the tax authority shall — within two working days after receiving other documents or tax calculation reports — inform the taxpayer thereof in writing.

12. Other documents and tax calculation reports submitted in hard copies shall be attached to the tax records of the taxpayer.

Article 313. Ensuring of the opportunity to view online the personal account card (including tax liabilities and the satisfaction thereof) of the taxpayer

1. Taxpayer shall have the opportunity to view online, in real time, the personal account card thereof (including tax liabilities and the satisfaction thereof).

2. Taxpayer shall have the opportunity to reprint the account statement thereof, the information stated wherein shall be considered to be information approved by the tax authority and, where necessary, shall be accepted by other organisations and natural persons.

(Article as amended by Law HO-292-N of 12 June 2024 shall enter into force on 1 January 2026)

Article 313.1. Discharge of tax liabilities through electronic means

1. The tax authority shall enable the taxpayer — in the technical and software systems thereof — to initiate (online) the sending of an electronic message to the servicing bank for the purpose of making the payment of the tax liabilities, according to the data of his or her personal card. The tax authority shall send the electronic message referred to in this part to the servicing bank via a special channel of the Central Bank of the Republic of Armenia. Moreover, exclusively the payment of the tax liabilities of a relevant taxpayer can be made as prescribed by this part.

2. The electronic message prescribed by this Article shall be sent to the bank of the taxpayer via technical means or mechanisms, which ensure the submission of the electronic message to the bank, exclusively upon the initiative of/by the taxpayer (bank customer), and the identification of the taxpayer mentioned in the electronic message.

3. The form of the electronic application, type of the information included therein, procedure for the formation, completion and elaboration of electronic messages, as well as the procedure and terms for the use of the technical and software system provided for forwarding thereof prescribed by this Article shall be prescribed by the regulatory legal act of the Board of the Central Bank of the Republic of Armenia in agreement with the tax authority.

4. The electronic message submitted to the bank in the manner and with the content prescribed by the regulatory legal act adopted under this Article and based thereon shall be a ground for the bank to make the payment of the tax liabilities of the customer (taxpayer), unless otherwise provided for by the relevant contract signed between the customer (taxpayer) and the servicing bank.

(Article 313.1 supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 314. Confirmation of the status or issuance of a certificate confirming the status of a resident of the Republic of Armenia

1. The tax authority shall confirm the status of a resident of the Republic of Armenia of organisations and natural persons for the purpose of ensuring the application of ratified international treaties (agreements, conventions) in force between the Republic of Armenia and other states.

2. The confirmation of the status of a resident of the Republic of Armenia shall be carried out through issuance of a certificate confirming the status of a resident of the Republic of Armenia prescribed by the tax authority or approval of the form certifying the fact of foreign residence and prescribed by the legislation of the foreign state. The form prescribed by the legislation of the foreign state shall be considered to be a form certifying the fact of residence where it complies, in terms of the content, with the content of the certificate of residence of the Republic of Armenia and prescribed by the tax authority.

3. For the purpose of confirming the status of a resident of the Republic of Armenia, the taxpayer shall submit to the tax authority the documents prescribed by part 4 of this Article. The tax authority shall, within two working days, issue a certificate confirming the status of a resident of the Republic of Armenia or reject in writing the issuance thereof by indicating the reason.

4. For the purpose of receiving a certificate confirming the status of a resident of the Republic of Armenia, the taxpayer shall submit the following:

(1) in case of an organisation (except for the Central Bank of the Republic of Armenia), information on the type and size of income received in a foreign state, as well as, in case incomes are available, the carbon copy of documents justifying the receipt of incomes in a foreign state;

(1.1) in case of the Central Bank of the Republic of Armenia, an application for receiving a statement of information confirming the status of a resident of the Republic of Armenia.

(2) in case of a natural person:

a. information on the type and size of income received in a foreign state, as well as, in case incomes are available, the carbon copy of documents justifying the receipt of incomes in a foreign state;

b. carbon copies of all pages of the passport of the person;

c. the table of calculation of the period when the person is within the territory of the Republic of Armenia or the justification, set forth in free form, for the centre of vital interests being within the territory of the Republic of Armenia, by attaching the carbon copies of supporting documents.

5. The confirmation of the status of a resident of the Republic of Armenia shall be carried out both for the current and previous tax years, where all the necessary documents regarding the previous tax years and certifying the fact of residence are available.

(Article 314 supplemented and amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 315. Acceptance of application for receiving a statement of information concerning taxes paid by a non-resident in the Republic of Armenia and issuance of the statement of information

1. The tax authority shall issue a statement of information concerning the profit tax or income tax paid by a non-resident in the Republic of Armenia to non-resident organisations prescribed by Article 22 of the Code and non-resident natural persons prescribed by Article 25 of the Code to be submitted to a foreign tax authority.

2. For the purpose of receiving a statement of information concerning the profit tax and income tax paid by a non-resident in the Republic of Armenia (hereinafter referred to as the “statement of information”), the non-resident having paid the taxes or the authorised person thereof shall submit an application in writing to the tax authority of the place of record-registration of the tax agent having withheld the tax in the Republic of Armenia. Where the non-resident has paid the profit tax or income tax in the Republic of Armenia without a tax agent, the application shall be submitted to the subdivision of the tax authority serving Kentron Administrative District of the city of Yerevan.

3. The application shall include the full name of the non-resident applicant (in case of a natural person — name, surname), state of residence, identification number in the state of residence (where available), source of income in Armenia by indicating the name of the income payer (in case of a natural person — name, surname) and the address of the place of record-registration (location), the period for which the statement of information is required. The application shall be signed by the applicant or the authorised person thereof indicating the place and date of completing the application. Carbon copies of the documents certifying the calculation and payment of income to the non-resident, withholding of tax from the income of the non-resident and payment to the State Budget of the Republic of Armenia shall be attached to the application, in particular:

(1) documents serving as a basis for the calculation of incomes received by the non-resident;

(2) documents certifying the receipt of the incomes of the non-resident;

(3) documents certifying the payment of the tax, calculated from the incomes of the non-resident as prescribed by the Code, to the State Budget of the Republic of Armenia;

(4) documents certifying the payment of the tax, withheld by the tax agent from the income of the non-resident, to the State Budget of the Republic of Armenia.

4. By examining the documents submitted, the tax authority shall — within ten working days after receiving the application — issue a statement of information to the applicant or reject the application in writing by indicating the reason. The application may be rejected where it is impossible to conclude from the documents submitted by the non-resident that tax on the incomes received by the non-resident has been withheld by the tax agent or has been paid to the State Budget of the Republic of Armenia by the non-resident or the tax agent.

5. The form of the statement of information concerning the profit tax or income tax paid by the non-resident in the Republic of Armenia shall be prescribed by the tax authority.

(Article 315 amended by HO-266-N of 21December 2017, HO-400-N of 24 October 2018)

CHAPTER 65

HORIZONTAL MONITORING SYSTEM

(Chapter repealed by HO-88-N of 23 March 2022)

SECTION 16

TAX LIABILITIES AND DEBIT AMOUNTS OF TAXPAYERS

CHAPTER 66

RECORD-KEEPING BY THE TAX AUTHORITY OF TAX LIABILITIES AND DEBIT AMOUNTS OF TAXPAYERS

Article 318. Unit of measure for record-keeping of tax liabilities and debit amounts of taxpayers

1. Dram (excluding lumas) shall be taken as a unit of measure for record-keeping of amounts of tax liabilities, debit amounts and amounts subject to compensation in tax calculation reports, as well as notices, statements of information, protocols, inspection acts and other documents drawn up by the tax authority and provided to the taxpayer.

Article 319. Record-keeping of tax liabilities and debit amounts

1. Tax liabilities and debit amounts arising from the tax calculation shall be subject to record-keeping by the tax authority as of the date of submission of the tax calculation report.

2. Tax liabilities arising from the verified tax calculation report submitted for the same reporting period shall be subject to record-keeping in chronological order, to the extent of difference of the data verified and included in the previous tax calculation report. Positive difference shall be subject to record-keeping as a tax liability and negative difference, as an amount paid in excess of the amount prescribed by the Code (amount deductible from the tax liability) that is to be credited to the single account.

3. Debit amounts arising from the verified unified VAT and excise tax calculation report submitted for the same reporting period shall be subject to record-keeping in chronological order, to the extent of difference of the data verified and included in the previous unified calculation report. Positive difference of debit amounts shall be subject to record-keeping as a debit amount (amount deductible from the tax liability) and negative difference — as a tax liability or an amount deducted from the debit amount.

4. The advance payments prescribed by the Code, as well as liabilities related to mandatory fees for regulation of public services shall be subject to record-keeping as of the deadlines for the payment thereof.

5. In case of change of tax liabilities (including advance payments) or debit amounts in cases prescribed by the Code and laws of the Republic of Armenia on fees, recalculation shall be made with respect to the tax whereto the change relates. The tax authority shall credit the amounts, resulting from the change indicated in this part and subject to crediting to the single account, to the single account of the taxpayer (except for compensation amounts, resulting from the change of tax liabilities or debit amounts with respect to VAT or excise tax, which are credited to the single account in accordance with Article 74 of the Code or Article 95 of the Code), and in case of emergence of a tax liability, fines shall be calculated in accordance with Article 401 of the Code. The principle specified in this part shall be applied also in the case specified in part 3 of Article 321 of the Code.

6. The tax authority shall electronically maintain a personal account card on record-keeping of tax liabilities, their satisfaction for each taxpayer. The form of the personal account card and procedure for its maintenance shall be defined by the tax authority. The personal account card shall be maintained separately:

(1) according to the data reflected in the tax calculation reports submitted by taxpayers;

(2) according to the data reflected in the inspection or other administrative act drawn up by the tax authority as prescribed by the Code.

(Article 319 amended by HO-266-N of 21 December 2017, amended, supplemented by HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 320. Record-keeping of tax liabilities, debit amounts arising under the inspection acts (examination protocols, administrative acts)

1. Tax liabilities and debit amounts of the taxpayer with respect to the State Budget imposed as a result of an inspection (examination, operational and intelligence measures) carried out at the taxpayer by tax authority shall, pursuant to point 2 of part 6 of Article 319 of the Code, be recorded in the personal account card maintained by the tax authority on the day following the day the inspection or other administrative act becomes unappealable as prescribed by part 6 of Article 398 of the Code.

2. Fines and penalties for tax liabilities under the inspection act (examination protocol) shall be calculated before the day of drawing up the inspection act without taking account of debit amounts (including additional debit amounts recorded by the same inspection (examination)).

3. Fines for additional amounts of advance tax payments shall not be calculated.

4. Fines set forth under the inspection act (examination protocol) shall not be calculated for a two-month period of their becoming unappealable and ten-day period of payment thereof.

(Article 320 amended by HO-261-N of 23 March 2018, edited by HO-338-N of 21 June 2018, HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 321. Record-keeping of amounts recalculated on the basis of re-inspection acts, decisions of the appeals commission and court

1. The amount difference of results of the re-inspection and previous inspection (or re-inspection) shall, pursuant to point 2 of part 6 of Article 319 of the Code, be recorded in the personal account card maintained by the tax authority on the day the re-inspection act becomes unappealable as prescribed by part 6 of Article 398 of the Code, pursuant to Article 320 of the Code (irrespective of the change in types of violations).

2. In case the actions (or omission) of the tax authority or a tax officer are appealed by the taxpayer before the appeals commission, the submission of the complaint shall not suspend the calculation of fines.

3. In case the inspection (re-inspection) act, examination protocol or the administrative act is revoked upon the decision of the appeals commission or the court, as well as conditioned upon the cases prescribed by part 6 of Article 44 of the Code, the entries made to the personal account card maintained by the tax authority pursuant to point 2 of part 6 of Article 319 of the Code shall be subject to change, and in case of partial change, the amount difference of results of the current and previous decision and inspection (re-inspection, examination, operational and intelligence measures) shall be registered in compliance with Article 320 of the Code.

(Article 321 amended by HO-338-N of 21 June 2018, edited, amended by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 322. Peculiarities of record-keeping of liabilities and debit amounts in case of re-organisation of the taxpayer

1. In case of re-organisation (absorption, consolidation, division, separation, restructuring) of an organisation, records of tax liabilities shall continue to be kept taking as a basis the principle of legal succession (including with respect to the record-keeping of fines, penalties or time limits).

2. Transfer of the tax liabilities and debit amounts, tax amounts paid in excess of the prescribed amounts, as well as balance of the amounts on the single account or the single account for administrative acts shall be conducted as of the day of registration of the re-organisation (except for restructuring) as prescribed by law (irrespective of the date of drawing up the transfer act or dividing balance sheet) taking as a basis the data of the act drawn up as a result of comprehensive tax

inspection carried out by the tax authority. In cases prescribed by this part, the corporate successors shall — by the 20th, inclusive, of the month following the month covering the day of re-organisation — submit to the tax authority a statement of information in the form approved by the tax authority concerning the tax liabilities and debit amounts transferred thereto, tax amounts paid in excess of the prescribed amounts, as well as balance on the single account or the single account for administrative acts.

3. The organisation shall, within five working days after adopting the decision on re-organisation (except for restructuring), inform the tax authority of the place of its record-registration about it. The organisation being re-organised (except for one being re-structured) shall, within three working days after approving the transfer act or dividing balance sheet, simultaneously submit to the tax authority of the place of its record-registration an application on carrying out a comprehensive tax inspection as well as tax calculation reports. The comprehensive tax inspection must commence within 20 working days after receiving the application.

(Article 322 supplemented by HO-338-N of 21 June 2018, HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 323. Peculiarities of record-keeping of tax liabilities in case of liquidation of the organisation without legal succession

1. Tax liabilities of organisations being liquidated without legal succession shall be satisfied before the deadline prescribed by the Code, but not later than the day of liquidation of the organisation.

Article 324. Bankruptcy of the taxpayer

1. Moratorium shall be in effect within the period between the entry into force of the judgment on declaring the debtor bankrupt and the closure of the bankruptcy proceedings, in which case the claims shall be satisfied in the order prescribed by law, and the discharge of tax liabilities with respect to the State Budget after approval of the financial recovery plan shall be carried out as prescribed by that plan.

2. Within the period between the day of entry into force of the judgment on declaring the debtor bankrupt and closure of the bankruptcy proceedings advance payments shall not be calculated, the fines and penalties for failure to discharge or improper discharge of liabilities of the debtor with respect to taxes, duties or other fees shall cease to be accrued. Moreover, within the period between the day of entry into force of the judgment on declaring the debtor bankrupt and closure of the bankruptcy proceedings fines and penalties for failure to discharge or improper discharge of the liabilities with respect to the taxes, duties or other fees additionally generated for those periods by the inspections (or re-inspections) regarding the reporting periods or otherwise (including verified calculation reports) before the entry into force of the judgment shall be calculated before the day of entry into force of the judgment.

2.1. Within the period between the day of entry into legal force of the court judgment on granting the application for the risk of bankruptcy and approving the financial recovery plan and closure of the bankruptcy proceedings, the accrual of fines and penalties for failure to discharge or improper discharge of the liabilities of the debtor with respect to taxes, duties or other fees that exist before the judgment is rendered shall be suspended.

2.2. The fines and penalties for the reporting periods (time periods) after rendering the court judgment on granting the application for the risk of bankruptcy and approving the financial recovery plan shall be calculated as prescribed by the Code. Moreover, within the period between the entry into force of the court judgment on granting the application for the risk of bankruptcy and approving the financial recovery plan, fines and penalties for the failure to discharge or improper discharge of liabilities with respect to taxes, duties or other fees additionally detected for those periods by the inspections (or re-inspections) related to the reporting periods (time periods) or otherwise shall be calculated before the entry into force of the judgment, and the accrual of fines and penalties subject to calculation after the entry into force of the judgment shall be suspended.

2.3. The fines and penalties based on inspections (re-inspections) related to the reporting periods (time periods) following the entry into force of the court judgment on granting the application for the risk of bankruptcy and approving the financial recovery plan shall be calculated as prescribed by the Code. Moreover, if the bankruptcy proceedings close upon recovery of the debtor, the fines, penalties suspended as prescribed by this Article shall be considered as terminated, and where the bankruptcy proceedings close due to failure to implement the recovery plan, the suspended fines shall be added to the personal account card of the debtor.

3. The tax liabilities, presented by the administrator on behalf of the taxpayer for the reporting periods covering the periods of suspension of the activities of the debtor and additionally incurred during the bankruptcy proceedings, shall be registered as of the date of receiving such information

(as arrears for which fines are not calculated).

(Article 324 amended, edited, supplemented by HO-21-N of 16 January 2024)

Article 325. Satisfaction of tax liabilities

1. The day of record-keeping of amounts paid to the single account shall be considered to be the day of crediting them to the single account, and the day of record-keeping of the amounts paid to the single account for administrative acts — the day of crediting them to the single account for administrative acts.

2. The amounts subject to crediting to the single account or the single account for administrative acts shall be credited to the single account or the single account for administrative acts as of the day of generation thereof.

3. Tax liabilities shall be satisfied at the expense of amounts available on the single account, except for the case prescribed by part 4 of this Article. The single account shall be used to satisfy the tax liabilities with respect to the tax or fee for which a tax calculation report is submitted to the tax authority as prescribed by the Code or laws of the Republic of Armenia on fees, advance payment for that tax or fee, mandatory fee for regulation of public services, as well as the amounts of fines, penalties calculated therefor, except for the amounts of the tax or fee, fines, penalties imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code.

4. VAT or excise tax liabilities shall primarily be satisfied at the expense of VAT or excise tax refundable amounts available on the personal account card for the given type of the tax, in accordance with part 3 of Article 74 of the Code and part 3 of Article 95 of the Code, and subsequently at the expense of the amount available on the single account pursuant to part 3 of this Article.

4.1. The amounts available on the single account may — prior to and including the day preceding the deadline for discharge of liabilities with respect to the given tax — be directed to satisfaction of the tax liabilities specified by the taxpayer upon the use of the relevant software command by the taxpayer.

4.2. Where the taxpayer does not use the relevant software command, the satisfaction from the amounts available on the single account shall be made automatically on the deadline for discharge of tax liabilities.

5. Tax liabilities for social contribution shall primarily be satisfied at the expense of the amounts available on the single account. Tax liabilities referred to in this part shall be satisfied irrespective of existence of other tax liabilities of the taxpayer and time limits for generation thereof.

6. In case of absence of tax liabilities referred to in part 5 of this Article or after the satisfaction thereof, other tax liabilities of the taxpayer shall be satisfied at the expense of amounts available on the single account in the order of tax liabilities existing as of the day of satisfaction and tax liabilities with earlier satisfaction deadline, and if the payment deadlines coincide as of the day of satisfaction (time limits are the same), the tax liabilities shall be satisfied in compliance with the procedure for maintaining the personal account card prescribed by point 1 of part 6 of Article 319 of the Code, except for the case prescribe by part 4.1 of this Article. Moreover, first the amounts of all taxes, fees, then those of fines, after which the amounts of penalties shall be satisfied out of the amounts of other tax liabilities.

6.1. The single account for administrative acts shall be used to satisfy the liabilities with respect to the tax or fee, including with respect to fines, penalties imposed by the inspection or other administrative act drawn up by the tax authority as prescribed by the Code, as well as the liabilities with respect to amounts of penalties, compensation for damages prescribed by the Code. The social contribution tax liabilities shall be primarily paid from the amounts available on the single account for administrative acts, then the tax liabilities of the taxpayer shall be satisfied at the expense of amounts available on the single account in the order of tax liabilities existing as of the day of satisfaction and tax liabilities with earlier satisfaction deadline, and if the payment deadlines coincide as of the day of satisfaction (time limits are the same), the tax liabilities shall be satisfied in compliance with the procedure for maintaining the personal account card prescribed by point 1 of part 6 of Article 319 of the Code. Moreover, first the amounts of all taxes, fees, then those of fines, after which the amounts of penalties shall be satisfied from the amounts of other tax liabilities.

7. The amounts of satisfied tax liabilities shall be reflected as of the day of repayment thereof to the treasury income accounts, pursuant to this Article.

8. Payments made to the single account or the single account for administrative acts shall not be considered tax incomes and fees of the State Budget until the liabilities have not been satisfied at the expense thereof.

9. ***(part repealed by HO-228-N of 14 November 2019)***

(Article 325 supplemented by HO-338-N of 21 June 2018, amended by HO-228-N of 14 November 2019, HO-103-N of 12 April 2022, supplemented, edited by HO-101-N of 1

March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-172-N of 23 September 2019 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 326. Day of crediting the amounts to single account or single account for administrative acts

(title edited by HO-101-N of 1 March 2023)

1. The day of crediting the amounts to the single account shall be considered to be the following:

(1) date of crediting the amounts to the single account as a result of making a payment to the single account;

(2) with respect to the amounts generated as a result of submission of verified tax calculation reports — date of submission of the verified tax calculation report;

(3) date of crediting the VAT refundable amounts to the single account in cases prescribed by part 4 or part 5 of Article 74 of the Code;

(4) date of crediting the excise tax refundable amounts to the single account in cases prescribed by part 4 or part 5 of Article 95 of the Code;

(5) date of crediting the profit tax amount refundable from the State Budget to the single account in cases prescribed by part 1 of Article 138 of the Code;

(6) date of crediting the royalty amount refundable from the State Budget to the single account in cases prescribed by part 1.1 of Article 223 of the Code;

(7) date of crediting the amounts from the single account for administrative acts to the single account;

(8) with respect to the amounts generated as a result of the reduction of tax liabilities resulting from the execution of the court judgment or decision adopted by the appeals commission or as a result of the increase in amounts subject to crediting to the single account — date of delivery of the court judgment or adoption of the decision of the appeals commission.

2. The day of crediting the amounts to the single account for administrative acts shall be considered to be the following:

(1) date of crediting the amounts to the single account for administrative acts as a result of making a payment to the single account for administrative acts;

(2) date of crediting the amounts from the single account to the single account for administrative acts;

(3) with respect to amounts generated as a result of the reduction of tax liabilities based on the results of comprehensive tax inspection (re-inspection) or examination or as a result of the increase in amounts subject to crediting to the single account for administrative acts — date following the day the comprehensive tax inspection act or examination protocol becomes unappealable.

(Article 326 edited by Law HO-101-N of 1 March 2023)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 327. Crediting of amounts to single account or single account for administrative acts, refunding of amounts from single account or single account for administrative acts

(title edited by HO-101-N of 1 March 2023)

1. The amounts considered as substantiated by the results of examination of substantiation of the amounts to be credited to the single account shall be subject to crediting to the single account based on the opinion in the form prescribed by the tax authority within three working days following the day of entry into force of the examination protocol.

2. The amounts available on the single account or the single account for administrative acts shall be subject to be refunded to the taxpayer based on the application submitted thereby to the tax authority and completed in the form and manner prescribed by the tax authority, within 20 days after receiving it, and in case of taxpayers owing a valid certificate of a law-abiding taxpayer r— within 10 days after receiving it. Refund shall be carried out in the amount indicated in the

application. Refund of the amounts from the single account or the single account for administrative acts shall be carried out by the Treasury by transferring the amount to the bank account of the taxpayer (and in the cases prescribed by the Government — to other account submitted to the tax authority as prescribed by the Government) or to the single account for administrative acts or the single account. In case of delaying the refund of the amount to the bank account of the payer (and in the cases prescribed by the Government — to other account submitted to the tax authority as prescribed by the Government) for more than 30 days after the time limit prescribed by this part, a fine in the amount of 0.03 per cent of the amount subject to refund shall be paid to the taxpayer for each day delayed after that time limit.

(Article 327 amended by HO-264-N of 13 December 2017, supplemented by HO-190-N of 5 May 2021, amended by HO-595-N of 23 December 2022, edited by HO-101-N of 1 March 2023)

(Law HO-190-N of 5 May 2021 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

SECTION 17

TAX CONTROL

CHAPTER 67

GENERAL PROVISIONS

Article 328. Tax control

1. Tax control shall be the state control over compliance with the requirements of legal acts vesting powers of control in the tax authority — set of actions of the tax authority prescribed by the Code within the scope of powers vested in the tax authority. For the purposes of the Code, legal acts vesting powers of control in the tax authority shall be the legal acts regulating tax relations prescribed by Article 2 of the Code, as well as the legal acts powers of control over compliance with the requirements thereof are vested in the tax authority.

2. The objective of tax control shall be to establish whether the requirements of the legal acts vesting powers of control in the tax authority are complied with, to prevent, preclude and detect violations of those requirements, to adjust tax liabilities in the cases and in the manner prescribed by legal acts vesting powers of control in the tax authority, including to calculate and re-calculate them independently, as well as to impose liability for the violations detected.

Article 329. Control of the authorised bodies

1. In the cases and within the scope prescribed by legal acts vesting powers of control in the tax authority, the control over the compliance with the requirements of those legal acts (hereinafter referred to as the “control of authorised bodies”) within the scope of powers vested therein shall be exercised by the relevant authorised bodies (officials).

2. For the purpose of ensuring control over the compliance with the requirements prescribed by the legal acts vesting powers of control in the tax authority, the tax authority and the authorised bodies shall exchange information as prescribed by the Government.

(Article 329 amended by HO-261-N of 23 March 2018)

Article 330. Administrative proceedings of control of the tax authority and authorised bodies

1. Provisions of the Law of the Republic of Armenia “On fundamentals of administrative action and administrative proceedings” shall apply to the administrative proceedings conducted within the framework of control of the tax authority and the authorised bodies, where the legal acts vesting powers of control in the tax authority do not prescribe the peculiarities of the administrative proceedings.

Article 331. Operational and intelligence measures

1. Relations pertaining to the operational and intelligence activities of the tax authority for the purpose of warning, preventing, precluding and detecting violations of requirements of the legal acts vesting powers of control in the tax authority shall be regulated by the Law of the Republic of Armenia “On operational and intelligence activities”.

2. In case violations of requirements of the legal acts vesting powers of control in the tax authority are detected as a result of operational and intelligence measures, the relations pertaining to the administrative proceedings shall be regulated by the Law of the Republic of Armenia “On fundamentals of administrative action and administrative proceedings”.

3. In the course of operational and intelligence measures, information about the violations of compliance with the requirements of the legal acts vesting powers of control in the tax authority shall be used during the tax control in the cases and in the manner prescribed by the Code.

Article 332. Selectivity of tax control and risk management system

1. In the cases prescribed by the Code, the tax authority shall exercise the tax control based on the principle of selectivity, applying the risk management system.

2. The risk assessed by the tax authority within the scope of tax control shall be the possibility of an action or omission of the taxpayer aimed at concealing or understating the amount of tax or tax base or calculating taxes inaccurately or not paying them or not complying with other requirements of the legal acts vesting powers of control in the tax authority and of causing damage to the state as a result thereof, taking account of the extent and degree of gravity of damages caused or expected.

3. The risk assessment by the tax authority within the scope of tax control shall be the characterisation — made on the basis of criteria characterising the level of risk — of risks arising from activities, action or omission of the taxpayer(s) and the results of analysis of tax calculation reports submitted to the tax authority and information submitted to the tax authority as prescribed by the legal acts vesting powers of control in the tax authority, the assessment and classification of taxpayer(s) and activities thereof according to the levels of risk.

4. The risk management system within the scope of tax control shall be based on risk assessment and include a set of measures targeted at identification of risks, prevention and countering of violations of requirements of the legal acts vesting powers of control in the tax authority with the view to ensuring the efficient use of resources of the tax authority and minimising the expected damages to the state.

5. The tax authority shall conduct thematic tax inspection with taxpayers deemed risky. The general description of criteria determining the methodology and riskiness of risk-based thematic tax inspections shall be approved by the Government, and the tax authority shall approve the procedure for calculation and assessment thereof, which contains information, including in risk profiles and risk indicators, which is confidential and not subject to disclosure.

(Article 332 amended by HO-338-N of 21 June 2018, supplemented by HO-95-N of 28 February 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 333. Methods of tax control

1. The tax control shall be exercised using the following methods:

(1) tax inspections;

(2) tax examinations;

(3) other actions carried out within the framework of tax administration and prescribed by the Code and laws of the Republic of Armenia.

Article 334. Publicity of results of tax control

1. For the purpose of ensuring the publicity of results of tax control, the tax authority shall, by 1 February, inclusive, of each tax year, post on the official website thereof the report on tax inspections and examinations done in the previous tax year, which includes the following:

(1) full name, TIN of each taxpayer inspected and/or examined in the previous tax year;

(2) information about the number of inspections and/or examinations, as well as their types and grounds for conducting them in accordance with the types and grounds prescribed by relevant Articles of the Code;

(3) information about time limits for conducting inspections and/or examinations;

(4) notes on the fact that the results of inspections and/or examinations have been appealed as of the fifth day preceding the day of publication of the report.

2. The form of the report on inspections and examinations conducted in the previous tax year shall be approved by the Government.

(Article 334 amended by HO-261-N of 23 March 2018)

CHAPTER 68

TAX INSPECTIONS

Article 335. Tax inspections

1. Tax inspection shall be a procedure conducted within the scope of powers of the tax authority as prescribed by the Code at taxpayers (in cases of re-organisation of organisations within the periods being inspected with complex tax inspection — at legal successor(s), also with respect to legal predecessors), except for natural persons not deemed individual entrepreneurs or notaries, and in cases prescribed by the Code, at an individual entrepreneur, removed from record-registration, and the aim of which is to establish whether the requirements of the legal acts vesting powers of control in the tax authority are complied with, to prevent, preclude and to detect the violations of those requirements, to adjust the tax liabilities in the cases and in the manner prescribed by the legal acts vesting powers of control in the tax authority, including to calculate and recalculate them independently, to impose liability for the violations detected.

2. The tax authority shall be entitled, within the framework of tax control, to carry out the following types of tax inspections:

(1) complex tax inspection — an inspection of the compliance with the legal acts regulating tax relations, as well as other requirements of the legal acts vesting powers of control in the tax authority;

(2) thematic tax inspection — an inspection of compliance with requirements of the legal acts vesting powers of control in the tax authority, regarding the activities of the taxpayer and prescribed by part 3 of this Article.

(3) inspection of transfer pricing — checking the compliance of the controlled transactions to the arm’s length principle and based on it checking the accuracy of calculation and full payment of the profit tax and natural resources utilization fee (royalty).

3. Questions on thematic tax inspections shall be the following:

(1) correctness of the application of cash register machines;

(2) accuracy of calculation and levying of state duty;

(3) correctness of the application of excise stamps and/or marks;

(4) accuracy of formalisation of the recruitment of the worker as prescribed by the legislation and/or submission of a request for the registration of the worker.

(5) accuracy of observing the procedure and rules for registering operations for purchase and sale of foreign currency;

(6) accuracy of accepting non-cash payments by payment cards, including ensuring the possibility of accepting non-cash payments by payment cards in cases and in the manner prescribed by the Law of the Republic of Armenia “On non-cash transactions” or observing the restrictions for acceptance of amounts in cash;

(7) accuracy of observing the procedure and rules for issue of settlement documents (except for cash register receipt);

(8) accuracy of prices of goods, services and works serving as a basis for calculation of the tax base;

(9) posting the prescribed information at the taxpayer’s address of carrying out activities.

4. Within the scope of control of the tax authority and the authorised bodies, joint complex tax inspections may also be carried out with the participation of the authorised bodies. The procedure for participation of the authorised bodies (officials) in joint complex tax inspections shall be prescribed by the Government.

(Article 335 amended by HO-261-N of 23 March 2018, edited by HO-42-N of

4 March 2022, supplemented by HO-86-N of 23 March 2022, amended , edited by HO-95-N of 28 February 2024)

Article 336. Planning of complex tax and transfer pricing inspections

(title edited by HO-86-N of 23 March 2022)

1. The planning of complex tax inspections within the scope of tax control shall be done through risk-based tax inspection system. Using the risk-based complex tax inspections the tax authority shall aim those inspections at the sectors and taxpayers with higher risk profile. Planning of transfer pricing inspections shall be done through notification on controlled transactions of a taxpayer and taking into account the risks identified as a result of analysing the information submitted via documentation of transfer pricing, as well as based on cases of failure to submit the notification specified in this part and/or transfer pricing documentation. The target group for the tax authority for transfer pricing inspections shall be the transactions and taxpayers with higher risk profile.

2. For the purpose of planning complex tax and transfer pricing inspections:

(1) The general description of criteria determining the methodology and riskiness of risk-based complex tax inspections shall be approved by the Government, and the procedure for calculation and assessment thereof, which contains information, including in risk profiles and risk indicators, which is confidential and not subject to disclosure — by the tax authority;

(2) the tax authority shall evaluate and classify, according to the level of risks, the taxpayer(s) based on the characterisation of risks arising from the activity, actions or omission of the taxpayer and results of analysis of tax calculation reports submitted to the tax authority and information submitted to the tax authority as prescribed by the legal acts vesting powers of control in the tax authority. According to the assessment of criteria determining the level of risks, taxpayers shall be classified under one of the following three groups:

a. high risk (up to 20 per cent of taxpayers shall be included in the order of decreasing of the level of risks);

b. medium risk;

c. low risk;

(3) the tax authority shall maintain an information system with regard to taxpayers and their assessment according to the criteria determining the level of risk thereof.

3. Taking account of the risk level of taxpayers, an annual plan for complex tax inspections shall be developed which includes the following information:

(1) full name, TIN of the taxpayer subject to inspection;

(2) date of drawing up the last complex tax inspection conducted at the taxpayer;

(3) risk level of the taxpayer;

(4) period of conducting the complex tax inspection.

4. The annual plan for complex tax inspections shall be drawn up taking account of the following mandatory requirements:

(1) taxpayers included in the high risk group shall constitute at least 70 per cent of the taxpayers subject to inspection under the plan;

(2) taxpayers included in the low risk group shall constitute maximum five per cent of the taxpayers subject to inspection under the plan.

5. The head of the tax authority shall approve the annual plan for complex tax inspections until 1 June, inclusive, of each tax year for the period between 1 July of the tax year of approval of the plan and 1 June of the tax year following the approval of the plan.

6. Upon the consent of the Prime Minister, changes may be made to the annual plan for complex tax inspections which shall be approved by the head of the tax authority.

7. The plan for complex tax inspections and changes to the plan shall enter into force in one month, following the approval by the head of the tax authority.

8. ***(part repealed by HO-229-N of 22 May 2024)***

9. ***(part repealed by HO-229-N of 22 May 2024)***

(Article 336 amended by HO-261-N of 23 March 2018, edited, amended, supplemented by HO-86-N of 23 March 2022, amended by HO-88-N of 23 March 2022, edited by HO-95-N of 28 February 2024, amended by HO-229-N of 22 May 2024)

(Law HO-229-N of 22 May 2024 has a transitional provision)

Article 337. Frequency of complex tax and transfer pricing inspections

(title supplemented by HO-86-N of 23 March 2022)

1. Depending on the level of risk, complex tax and transfer pricing inspections shall be carried out at the same taxpayer with the following frequency:

(1) In case of complex tax inspection:

a. in case of high risk, not more frequently than once in the tax year;

b. in case of medium risk, not more frequently than once in three successive tax years;

c. in case of low risk, not more frequently than once in five successive tax years.

(2) In case of transfer pricing inspection:

a. in case of high risk, not more frequently than once in three successive tax years;

b. in case of medium risk, not more frequently than once in four successive tax years;

c. in case of low risk, not more frequently than once in five successive tax years.

2. When approving the annual plan for complex tax inspections and/or making changes thereto in compliance with Article 336 of the Code, the frequency of inspections prescribed by part 1 of this Article shall be applied on the basis of the level of risk of the taxpayer in accordance with the results of the tax year serving as a ground for the approval of the plan.

3. Restrictions prescribed by part 1 of this Article shall not extend to thematic tax inspections.

4. Restrictions prescribed by part 1 of this Article shall not extend to the cases of complex tax and transfer pricing inspections when:

(1) ***(point repealed by HO-266-N of 21 December 2017)***

(2) written assignment has been received from the Prime Minister based on the written information of state or local self-government bodies, organisations or natural persons on harm to the lawful interests of the State or such threat, including on concealing or understating tax amount, tax base or on violation of the requirements of the legal acts vesting powers of control in the tax authority;

(3) taxpayer has not, within the tax year of drawing up the complex annual tax inspection plan or preceding it, submitted tax calculation reports with respect to at least two reporting periods, except for the cases when the taxpayer, as prescribed by the Code, does not have an obligation to submit a tax calculation report;

(4) complex tax inspection refers to the legal predecessor(s) of the corporate successor of the organisation inspected with complex tax inspection or the legal successors of the organisation included in the annual plan for complex tax inspections;

(5) complex tax inspection is carried out in an organisation having submitted an application for commencing a liquidation process or based on an application submitted on the ground of removing the individual entrepreneur from state record-registration in cases prescribed by the Code or at an individual entrepreneur removed from record-registration;

(6) taxpayer (head of the executive body) or the official replacing him/her has submitted an application on carrying out a complex tax and/or transfer pricing inspection;

(7) more than one violation of requirements for the documentation of transactions of supply or transportation of goods prescribed by the Code have been recorded as a result of operational and intelligence measures carried out at the taxpayer in the tax year. In the case prescribed by this point a letter of instruction on complex tax inspections may only be issued in the given tax year;

(8) complex tax inspections or inspections of the limits of tax base for environmental tax or base limits (restrictions) of natural resources utilization fees are carried out at the taxpayers included in the annual inspection plan of the tax authority or any of the relevant authorised bodies;

(9) violations — committed by the taxpayer — of the requirements of the legal acts vesting powers of control in the tax authority have been recorded at the same taxpayer as a result of counter tax examination;

(10) complex tax and/or transfer pricing inspection has been ordered in compliance with the Criminal Procedure Code of the Republic of Armenia. The complex tax and/or transfer pricing inspections referred to in this point shall be carried out upon the reasoned decision of the investigator within the scope of issues and within the period specified in the decision. Carbon copy of the reasoned decision of the investigator with the letter of instruction on inspection shall be provided to the taxpayer (head of the executive body) or the official replacing him/her;

(11) complex tax inspection is carried out upon the request of the state body authorised for privatisation of the state property, where the necessity of the inspection is conditioned upon the performance of preparatory works of privatisation of the taxpayer with the state participation of more than 51 per cent.

(Article 337 amended and supplemented by HO-266-N of 21 December 2017, amended

by HO-261-N of 23 March 2018, edited by HO-338-N of 21 June 2018, supplemented, edited by HO-86-N of 23 March 2022, amended by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 338. Re-inspections

1. Re-inspection shall be the complex tax or transfer pricing inspection of the same type — carried out twice and more — of the reporting period and issues inspected with complex tax or transfer pricing inspection at the taxpayer (in cases of re-organisation of the organisation within the periods inspected with complex tax or transfer pricing inspection — at the legal successor(s) also with respect to legal predecessors) by the tax authority within the framework of tax control which may be carried out on the following grounds:

(1) upon the application of the taxpayer (head of the executive body) or the official replacing him/her;

(2) upon the written assignment of the Prime Minister;

(3) where the results of the official investigation of the tax authority or the judgment having entered into force in the prescribed manner confirm the unlawful actions of the official(s) having carried out the previous complex tax or transfer pricing inspection;

(4) where the counter tax examination has recorded violations of requirements of the legal acts vesting powers of control in the tax authority with respect to the reporting periods inspected with complex tax or transfer pricing inspection which have not been recorded by the complex tax inspection;

(5) in case of appealing against the actions of the officials having carried out the complex tax or transfer pricing inspection by way of superiority where the appeals commission of the tax authority has taken a decision on carrying out re-inspection.

Moreover, the appeals commission of the tax authority may take a decision on carrying out re-inspection only where it is possible to satisfy the appeal brought against the actions of entities having carried out tax inspection only in case of re-inspection and where the taxpayer has expressed his written consent on carrying out re-inspection. Where no written consent on carrying out re-inspection is expressed by the taxpayer the appeal brought against the actions of entities having carried out tax inspection shall be rejected with that respect.

(6) where responses to the enquiries made to foreign states during the complex tax or transfer pricing inspection have been received following the end of the maximum period prescribed for the suspension of the inspection under point 1 of part 4 of Article 341 of the Code, in case of necessity to conduct a re-inspection on the basis of response received;

(7) in case re-inspection is ordered in compliance with the Criminal Procedure Code of the Republic of Armenia. Re-inspections referred to in this point shall be carried out upon the reasoned decision of the investigator, within the scope of issues and period specified in the decision. The carbon copy of the reasoned decision of the investigator together with the letter of instruction on inspection shall be provided to the taxpayer or the official thereof.

(Article 338 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, edited, supplemented by HO-86-N of 23 March 2022, amended by HO-595-N of 23 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

Article 339. Letter of instruction on tax inspection

1. Tax inspection shall be carried out on the basis of the letter of instruction issued by the head of the tax authority, which includes the following:

(1) day, month, year and number of the letter of instruction;

(2) full name, TIN(s), location of the taxpayer (in cases of re-organisation of the organisation within the periods inspected with complex tax inspection — legal predecessor(s)), in case of a natural person — name, surname, passport data or public service number, TIN, place of record-registration;

(3) position, name, surname of the official(s) carrying out the inspection, as well as in cases prescribed by the Code, name, surname, passport data or public service number of other person(s) participating in the inspection;

(4) type of and legal grounds for inspection;

(5) issues of inspection;

(6) period under inspection, according to the type and issues of inspection;

(7) time limits for inspection;

(8) information about the rights and obligations of the taxpayer;

(9) fields for making notes of the day of being notified of conducting the inspection and the day of actually starting the inspection.

2. The power of issuing a letter of instruction on carrying out thematic tax inspections upon the order of the tax authority may be transferred to the head of relevant structural subdivision. The order of the head of the tax authority regarding the transfer of the power of issuing a letter of instruction referred to in this part shall be posted on the official website of the tax authority.

3. The letter of instruction for complex tax and transfer pricing inspections shall — within three working days before starting the inspection (not including the day of notification of the inspection) — be submitted to the taxpayer (head of the executive body) or the official replacing him/her for information. Moreover:

(1) ***(point repealed by HO-55-N of 4 March 2022)***

(2) the letter of instruction (the copy certified by the electronic signature of the person authorised to publish it or the scanned copy) shall be submitted to the taxpayer for information by means of electronic notification. The taxpayer shall be deemed duly notified of the letter of instruction (the copy certified by the electronic signature of the person authorised to publish it or the scanned copy) from the day of posting the specified documents on the personal page in the electronic management system of the tax authority.

(2.1) on the day of submitting to the taxpayer for information the letter of instruction for complex tax and transfer pricing inspections, the official exercising tax control shall, in accordance with the procedure provided for by Article 353 of the Code, be competent to take or seize necessary documents and items related to tax control of the taxpayer, including computer programmes and electronic files.

(3) ***(point repealed by HO-55-N of 4 March 2022)***

4. The letter of instruction for thematic inspection shall be submitted to the taxpayer (head of the executive body) or the official replacing him/her for information in the following manner:

(1) the two sealed copies of the letter of instruction including issues on thematic tax inspections, set forth in points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code or any one thereof shall be submitted for information in person during the inspection, until the last day, inclusive, of the time limit for the inspection referred to in the letter of instruction, but not later than immediately after detecting a violation, while the two copies of the letter of instruction including issues on thematic tax inspections, set forth in points 2, 4 and 9 of part 3 of Article 335 of the Code or any one thereof shall be submitted for information in person immediately upon starting the inspection;

(2) in case of inspection of issues on thematic tax inspections set forth in points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code, the tax authority may conduct test purchase (purchases) as prescribed by Article 339.1 of the Code;

(3) any violation detected in case of inspection of issues set forth within the scope of thematic tax inspection in points 1, 5 and 6 of part 3 of Article 335 of the Code shall be considered to be a separate violation;

(4) in case of inspection including issues on thematic tax inspection set forth in points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code or any one thereof, the note of the day of actually starting the inspection shall be made in the letter of instruction by the officials carrying out the inspection;

(5) the taxpayer (head of the executive body) or the official replacing him/her shall be obliged to sign the two sealed copies of the letter of instruction, certifying that he or she is notified of conducting the thematic tax inspection, and one of the copies shall be returned to the officials of the tax authority;

(6) in case of refusal to sign or receive the letter of instruction or absence of the official of the taxpayer, the copy of the letter of instruction certified by the electronic signature of the person authorised to publish it or the scanned copy thereof shall be sent to the taxpayer as prescribed by point 2 of part 3 of this Article.

5. The absence of the taxpayer (head of the executive body) or the official replacing him/her or failure to sign the letter of instruction on inspection or refusal to receive the letter of instruction shall not serve as a ground for not conducting thematic tax inspections.

6. Persons not specified in the letter of instruction may not participate in the inspection. The official authorised to issue the order on changes and supplements shall submit the copy of the order certified by electronic signature or the scanned copy thereof to the taxpayer for information by means of electronic notification before the participation of the persons carrying out the letter of inspection in the inspection, except for the inspection of issues of thematic tax inspection, set forth in points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code, when the peculiarities for issues of such inspection, prescribed by point 1 of part 4 of this Article, apply.

7. Where the inspection does not start based on letter of instruction on inspection issued in compliance with this Article within 30 days following the day the taxpayer is considered to be notified of conducting the inspection, that letter of instruction shall be considered to be invalid on the day following the expiry of the time limits.

(Article 339 amended by HO-42-N of 4 March 2022, supplemented by HO-86-N of 23 March 2022, amended, edited, supplemented by HO-55-N of 4 March 2022, HO-95-N of 28 February 2024)

Article 339.1 Test purchase procedure conducted within the framework of thematic tax inspection of issues prescribed by points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code

1. In case of detecting violations as a result of test purchase (purchases) conducted during the thematic tax inspection of issues prescribed by points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335, on the day of submission of the letter of instruction a record on violations made during each test purchase shall be drawn up in two copies in the manner prescribed by tax authority, where the following is mentioned:

(1) the date, month, year and number of drawing up the protocol;

(2) the date, month, year of issuing the letter of instruction and the number of the letter of instruction;

(3) the full name of the taxpayer and the taxpayer identification number (TIN);

(4) position, name and surname of the official (officials) of the tax authority having carried out test purchase;

(5) in case of carrying out the test purchase by another person (upon written consent of a person) the data of that person (the name, surname, passport data or public service identification number — in case of a natural person, TIN, the full name, business address of the organisation — in case of an organisation and an individual entrepreneur;

(6) actual time limit (moment) of carrying out each test purchase that records the violation;

(7) position, name and surname of the worker supplying (selling) goods, performing works, providing services and/or making cash settlements on behalf of the taxpayer;

(8) results of test purchase (description of violations);

(9) the relevant note on delivery of a letter of instruction to the taxpayer;

(10) note on objections.

2. The two copies of each protocol on violations, prescribed by part 1 of this Article shall be submitted to the taxpayer on the day of drawing up the protocol (head of the executive body) or the official substituting him or her. The protocol shall be signed by the person(s) carrying out the test purchase and the taxpayer (head of the executive body) or the official substituting him or her, as well as the worker(s) supplying (selling) goods, performing works, providing services and/or making cash settlements on behalf of the taxpayer. The taxpayer (head of the executive body) or the official substituting him or her shall make a note on the tax authority’s copy of the protocol on having received it and shall hand it over to the official of the tax authority and, in the case of having objections with regard to the protocol — shall make a note about it in the protocol. In the case of refusal to sign and accept the protocol on the violations or absence of the official of the taxpayer, the official(s) carrying out the test purchase shall make a relevant note about it on the copies of the protocol, and the copy of the protocol certified by electronic signature or the scanned copy thereof shall be attached to the draft thematic tax inspection act as an integral part thereof.

3. As a result of test purchase(s) conducted during the thematic inspection — after submission of the letter of instruction by the official of the tax authority having carried out the test purchase, but not later than the terms for returning the goods acquired through test purchase provided for by the Government decision and referred to in part 4 of this Article — be returned to the taxpayer (head of the executive body) or the official substituting him or her or the worker supplying (selling) goods, performing works and/or making cash settlement, provided that marketable condition and consumption properties thereof have not changed after the purchase, drawing up two copies of the document on returning goods in the form prescribed by the head of the tax authority.

4. The procedure for disposing financial resources for test purchases and the acquired and not returned goods, as well as the procedure and time limits for returning the goods acquired by test purchase shall be approved by the Government.

(Article 339.1 supplemented by HO-95-N of 28 February 2024)

Article 340. Issues of the tax inspection and the periods being inspected

1. Issues of a complex tax inspection shall include the issues of inspection of accuracy of the compliance with the legal acts regulating tax relations, as well as other requirements of the legal acts vesting powers of control in the tax authority, except for issues of transfer pricing inspection.

1.1. Issues of transfer pricing inspection include the issues of clarifying the compliance of legal acts regulating the tax relations with this respect and controlled transactions with the arm's length principle and, on the basis thereof, checking the accuracy of calculation and full payment of the profit tax and natural resources utilization fee (royalty), except for issues of complex tax inspection.

2. Period being inspected with complex tax inspection shall cover:

(1) with respect to all issues envisaging an obligation to submit tax calculation reports following the end of the reporting period — all the reporting periods covering the expired time limits for submitting the tax calculation reports as of the day of issuing the letter of instruction on inspection and not inspected with complex tax inspection;

(2) with respect to issues not envisaging an obligation to submit tax calculation reports or envisaging an obligation to submit tax calculation reports before the beginning of the reporting period — all the periods not inspected with tax inspection until the end of the inspection.

2.1. Period concerned for transfer pricing inspection shall cover — with respect to all issues envisaging obligation to submit a notification on tax calculation reports, controlled transactions following the end of the reporting period — all the reporting periods covering the expired time limits for submitting the notification on tax calculation reports, controlled transactions as of the day of issuing the letter of instruction on inspection and not inspected with transfer pricing inspection.

3. For the purposes of this Section:

(1) the beginning of the period being inspected with complex tax and transfer pricing inspection shall be considered to be the day following the day when the period inspected under the given issue ends;

(2) where thematic tax inspections have been carried out at the taxpayer within the period not inspected with complex tax inspection, the beginning of the period being inspected under an issue inspected with thematic tax inspection shall be considered to be the day following the day when the period inspected under the given issue ends;

(3) where no complex tax and transfer pricing inspection has been carried out at the taxpayer, the beginning of the period being inspected shall be considered to be the day of state registration of the organisation or record-registration as an individual entrepreneur or appointment as a notary;

(4) in case of entry into force of new requirements of the legislation vesting powers in the tax authority, the beginning of the period being inspected shall be considered to be the day of entry into force of the relevant legal act;

(5) the end of the period being inspected with complex tax and transfer pricing inspection shall be considered to be the last day of the last reporting period being inspected under the issue prescribed by point 1 of part 2 of this Article, and under the issues provided for by point 2 of part 2 of this Article — the day when the inspection ends.

4. In case of a re-inspection, the issues of complex tax inspection shall include the issues of the periods previously inspected with the same type of complex tax and transfer pricing inspection(s).

5. The issues of thematic tax inspection shall include the issues prescribed by part 3 of Article 335 of the Code — of compliance thereof with the requirements of the legislation vesting powers of control in the tax authority. The beginning of the period being inspected for the issues of thematic tax inspections shall be considered to be the day following the period inspected with previous complex tax or thematic tax inspection under the same issue. The end of the period being inspected for the issues of thematic tax inspections shall be considered to be the day when the inspection ends.

6. When new circumstances and/or necessity arise during the inspection, upon the order of the official issuing the letter of instruction the issues of inspection may — on the basis of the written report of the official(s) carrying out the inspection or at the suggestion of the taxpayer — be changed or supplemented with new issues or the periods being inspected may be supplemented with new periods being inspected. The official authorised to issue the order on change shall submit the copy of the order certified by electronic signature or the scanned copy thereof to the taxpayer for information by means of electronic notification. In case of a complex tax and transfer pricing inspection, the beginning of the inspection of a newly-supplemented issue or the period being inspected shall be considered to be the fourth working day following the day of handing the copy of the order certified by electronic signature or the scanned copy thereof, and in case of a thematic tax inspection, the day of handing the copy of the order certified by electronic signature or the scanned copy thereof, except for the inspection of issues prescribed by points 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code, when the peculiarities for such inspection issues, prescribed by point 1 of part 4 of Article 339 of the Code, apply.

(Article 340 supplemented, edited by HO-86-N of 23 March 2022, edited, amended by HO-55-N of 4 March 2022, HO-95-N of 28 February 2024)

Article 341. Time limits for tax inspections

1. The time limits for each tax inspection at the taxpayer may, upon the letter of instruction on inspection, be prescribed to cover not more than 15 consecutive working days, and not more that 90 consecutive working days in case of transfer pricing inspection. The first day of inspection shall be considered to be the day of actually starting the inspection, and the taxpayer (head of the executive body) or the official replacing him/her (in case prescribed by point 1 of part 4 of Article 339 of the Code, the official carrying out the inspection) shall make a relevant note thereof on the sealed copy of the letter of instruction on inspection certified by electronic signature. When conducting thematic tax inspections (including in case of refusing to become familiar with and receive the letter of instruction), the day of actually starting the inspection shall be considered to be the day of submitting the letter of instruction for information, except for the inspection of issues prescribed by point 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code, when the peculiarities for such inspection issues, prescribed by point 1 of part 4 of Article 339 of the Code, apply.

2. By the order of the official issuing the letter of instruction on the basis of the written report of the official(s) carrying out the tax inspection, the time limits prescribed by part 1 of this Article may be extended for up to ten consecutive working days, and in case of a complex tax inspection at the taxpayer having declared sales turnover or gross income of three billion and more based on the results of any tax year of the period being inspected — up to 75 consecutive working days. By the order of the official issuing the letter of instruction on the basis of report of the official(s) carrying out tax inspection in case of transfer pricing inspection, the time limits prescribed by part 1 of this Article may be extended for up to 90 consecutive working days. The taxpayer shall be informed in writing of the extension of the period of inspection through submission of the copy of the order certified by electronic signature or the scanned order thereof not later than the day, inclusive, when the time limits for the inspection referred to in the letter of instruction ends or the time limits for inspection extended by the order ends, except for the inspection of issues prescribed by point 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code, when the peculiarities for such inspection issues, prescribed by point 1 of part 4 of Article 339 of the Code, apply.

3. In case necessity for verifying certain information arises during the inspection or as a result of a natural disaster or under other unforeseen circumstances making the inspection impossible, the inspection may be suspended by the order of the official having issued the letter of instruction on the basis of the written report of the official(s) carrying out the inspection until the elimination of the ground for suspension, but not more than for 90 working days, except for the cases prescribed by part 4 of this Article.

4. The following shall make an exception to the time limits referred to in part 3 of this Article:

(1) cases of making enquiries to foreign states when the inspection is suspended on the tenth day, inclusive, following the day of receiving the response to the enquiry, but not more than for 180 days;

(2) cases of making enquiries to bodies conducting criminal proceedings, when the inspection is suspended until the receipt of the response to the enquiry but not later than the tenth day, inclusive, following the day of receiving the response to the enquiry;

(3) cases of the documents relating to the inspection being seized on the basis of the decision of the inquest, preliminary investigation body or the judgment of the court, when the inspection is suspended until the return thereof but not later than the tenth working day, inclusive, following the day of returning the documents;

(4) cases of request made to the taxpayer concerning receiving the statement of a bank account, when the inspection may be suspended until the day of receiving the statement of a bank account, inclusive, by the official(s) carrying out inspection, but not more than for 180 days.

5. The taxpayer shall be informed of suspension of the inspection (except for the inspection of issues prescribed by point 1, 3, 5, 6, 7 and 8 of part 3 of Article 335 of the Code) through submission of the copy of the order certified by electronic signature or the scanned copy thereof until the working day, inclusive, preceding the day of suspension referred to in the order, but not later than the working day, inclusive, preceding the end of the time limits for inspection or the extended time limits for inspection referred to in the letter of instruction. The taxpayer shall be informed of the extension of the time limits for suspension of the inspection through submission of the copy of the order certified by electronic signature or the scanned copy thereof not later than the last working day, inclusive, of the suspension of inspection. The taxpayer shall be informed of resumption of the suspended inspection through submission of the copy of the order certified by electronic signature or the scanned copy thereof but not later than the working day, inclusive, preceding the resumption of the inspection. The order suspending the inspection shall mandatorily state the relevant grounds for suspension of the inspection prescribed by this Article.

6. The total length of the actual time limits for inspection (which does not cover the period of suspension of the inspection) may not exceed 25 consecutive working days, and in case of complex tax inspections at the taxpayer having declared sales turnover or gross income of three billion and more based on the results of any tax year of the period being inspected — 90 consecutive working days. The actual time limits for transfer pricing inspection may not exceed 180 consecutive working days.

7. The order extending the time limits for inspection or suspending the inspection or extending the time limits for suspension or resuming the suspended inspection shall be issued by the official issuing the letter of instruction. The official authorised to issue the order shall submit the copy of the order certified by electronic signature or the scanned copy thereof to the taxpayer by means of electronic notification, and it shall enter into force from the day of posting it on the taxpayer's personal page in the electronic management system of the tax authority for submitting reports.

8. The inspection shall be considered to be resumed starting from the day following the day of expiry of the deadlines for suspending the inspection prescribed by this Article.

(Article 341 supplemented by HO-86-N of 23 March 2022, amended, edited by HO-55-N of 4 March 2022, amended by HO-95-N of 28 February 2024, supplemented by HO-125-N of 28 February 2024)

(Law HO-125-N of 28 February 2024 has a transitional provision)

Article 342. Summarisation of the results of tax inspection

1. After the end of the tax inspection, where within 10 working days, and in case of inspection of transfer pricing — within 20 working days, based on summarisation of the results of the inspection, violations of compliance with the legal acts regulating tax relations, and in case of transfer pricing inspection — non-compliance with the arm's length principle, as well as with other requirements of the legal acts vesting powers of control in the tax authority are detected, the official(s) carrying out the inspection shall draft an inspection act in the form prescribed by the tax authority, which shall be signed by the official(s) carrying out the inspection and shall be submitted to the taxpayer as prescribed by part 8 of this Article within three working days following the day of drawing it up. In case violations are not detected as a result of the inspection, the official(s) carrying out the inspection shall — within the time limits prescribed by this part — draw up an inspection act (without drafting the act), which shall be signed by the official(s) carrying out the inspection and shall, as prescribed by part 8 of this Article, within three working days following the day of drawing it up, be submitted to the taxpayer.

2. The taxpayer may submit objections to the draft act or inform of the absence of objections within 10 working days following the day the draft act is deemed received through the electronic management system of the tax authority for submitting reports. If objections to the draft act are not received until the expiry of the time limits referred to in this part, within two working days following the day of expiry of the time limits, and if objections are received or the absence of objections is notified in writing — within three working days following the day of receipt thereof, the official carrying out the inspection shall draw up an inspection act in the form prescribed by the tax authority, which shall be signed by the official carrying out the inspection and submitted to the taxpayer as prescribed by point 2 of part 8 of this Article. Where the taxpayer is also an organisation with a state share, carbon copy of the act shall be sent to the relevant state administration body.

3. ***(part repealed by HO-55-N of 4 March 2022)***

4. The act (draft) drawn up as a result of the inspection shall include the following:

(1) number of the act, day, month, year of drawing it up;

(2) day, month, year and number of the letter of instruction on inspection;

(3) position, name, surname of the official(s) carrying out the inspection;

(4) full name, TIN, location of the taxpayer (in cases of re-organisation of organisations within the periods being inspected with complex tax inspection — legal predecessor(s)), in case of a natural person — name, surname, passport data or public service number, TIN, place of record-registration;

(5) actual period (beginning and end) of the inspection;

(6) issues covered by the inspection, the periods (beginning and end) being inspected with respect thereto;

(7) concerning each issue, which is covered by the inspection and in respect of which a violation is detected:

a. description, period of violations, as well as the legal norms, the requirements of which have not been complied with (descriptive part on video recording in case the inspection is video recorded, as well as on informing the taxpayer about video recording in the manner provided for by part 8 of Article 352.1 of the Code or on the fact that the taxpayer is not informed in case of absence of the application of the taxpayer);

b. legal grounds for imposing liability and imposing tax liabilities (reasoning part);

c. text for imposing the liability, adjustment of tax liabilities, calculation of tax liabilities subject to payment, calculation and recalculation of tax liabilities by indirect methods in cases and in the manner prescribed by the Code (final part);

(8) in case of failure to detect violations under the issue of inspection — fields for making relevant

notes thereof;

(9) fields for making relevant notes of the day of handing to the taxpayer;

(10) in the draft — fields for make notes of the fact of not having objections;

(11) in the inspection act — the time limits for appealing it and the body, to which it may be appealed, including the court;

(12) in the inspection act — notes of accepting or not accepting the objections to the draft submitted by the taxpayer.

5. The following shall be attached to the draft inspection act:

(1) copy of the expert opinion certified by electronic signature or the scanned copy thereof — in case of conducting an expert examination during the inspection;

(2) copy of the statement of information concerning the examinations and analyses certified by electronic signature or the scanned copy thereof, where the tax liabilities are imposed indirectly on the basis of assessment (re-assessment) of tax bases and tax liabilities of the taxpayer;

(3) copies of documents with regard to the violations and the recording thereof certified by electronic signature or the scanned copy thereof, which are suitable and necessary for identifying and assessing the factual circumstances of violations detected through the inspection, and in case of transfer pricing, also the calculation report of the arm’s length range and midpoint of that range, including the information on information sources used for implementation of the comparability report.

6. The documents prescribed by part 5 of this Article shall be considered an integral part of the inspection act.

7. Tax liabilities with respect to the violations detected through tax inspection may be imposed in the act (draft) where the statute of limitation for imposing tax liabilities prescribed by the Code has not expired on the day of drawing up the draft. In case of absence — in the inspection act (draft) being drawn up in case of re-inspections — of changes in violations or tax liabilities under the inspection issues recorded during the previous inspection, they shall be stated in the same way, and in case of changes, the violations detected under the inspection issues shall be stated in the new wording, taking account of the statutes of limitation for imposing tax liabilities under the Code. Tax liabilities with respect to new violations detected through re-inspection within the periods being re-inspected may be imposed in the act (draft), where the statute of limitation for imposing tax liabilities prescribed by the Code has not expired on the day of drawing up the draft of the re-inspection act.

8. In case of tax inspections:

(1) ***(point repealed by HO-55-N of 4 March 2022)***

(2) the copy of the act (draft) certified by the electronic signature of the person authorised to sign it and the scanned copy thereof shall be submitted to the taxpayer for information by means of electronic notification. The act (draft) shall be deemed delivered to the taxpayer from the day of posting it on the personal page in the electronic management system of the tax authority for submitting reports. The act (draft) shall enter into force as prescribed by this part from the day the act (draft) is deemed delivered to the taxpayer.

(3) ***(point repealed by HO-55-N of 4 March 2022)***

(Article 342 edited, supplemented, amended by HO-86-N of 23 March 2022, amended, edited by HO-55-N of 4 March 2022, supplemented by HO-95-N of 28 February 2024)

CHAPTER 69

TAX EXAMINATIONS

Article 343. Tax examinations

1. Tax examination is a procedure carried out within the scope of the powers of the tax authority as prescribed by this Chapter the purpose of which is to verify the compliance of exercising the powers by the tax authority to the requirements of the legal acts vesting such powers of control, prevent and preclude the violation of those requirements, detect them, impose tax liabilities as prescribed by the legal acts vesting powers of control in the tax authority and impose liability for the detected violations in the cases prescribed by this Section.

2. Within the scope of tax control, tax examinations shall be carried out using the following methods:

(1) office (internal) examination — within the scope of the powers of the tax authority, an examination carried out exclusively at the tax authority as prescribed by this Chapter for the purpose

of verifying the accuracy of implementation of the requirements of the legal acts vesting powers of control in the tax authority;

(2) field examination — within the scope of the powers of the tax authority, an examination carried out with the taxpayer as prescribed by this Chapter exclusively for the purpose of verifying the accuracy of implementation of the requirements of the legal acts vesting powers of control in the tax authority.

3. The types of field examinations within the scope of tax control shall be:

(1) ***(point repealed by HO-95-N of 28 February 2024)***

(2) measurement;

(3) counter-examination;

(4) examination of substantiation of the amounts subject to crediting to the single account;

(5) examination carried out for the purpose of reimbursing the tax amount paid on the income of non-residents of the Republic of Armenia generated from the sources of the Republic of Armenia, or examination carried out in response to the inquiries of the authorised body of a foreign state in accordance with the provisions of the international treaties of the Republic of Armenia.

(6) thematic examination. Moreover, where sufficient information is available with the tax authority for the examination referred to in this point, it may also be carried out without visiting the taxpayer — at the office of the tax authority. Where the information available with the tax authority is not sufficient for carrying out the examination, and the taxpayer fails to submit or refuses to submit the information necessary for the examination within two working days after receiving the notice from the tax authority on submitting documents necessary for the examination, the examination may be carried at the taxpayer’s premises in order to get familiarised with the necessary documents on the spot or make extracts therefrom.

4. When carrying out field examinations, the officials carrying out the examination shall submit in writing to the taxpayer the list of documents and information related to the scope of the examination, beyond the scope of which no documents and information may be required from the taxpayer during the examination.

5. No tax liabilities shall arise as a result of tax examinations, except for the following cases:

(1) when violations detected by the tax authority as a result of the office (internal) examination are accepted and verified tax calculation reports are submitted by a taxpayer;

(2) ***(point repealed by HO-55-N of 4 March 2022)***

(3) ***(point repealed by HO-95-N of 28 February 2024)***

(4) ***(point repealed by HO-95-N of 28 February 2024)***

(4.1) ***(point repealed by HO-95-N of 28 February 2024)***

(5) when detecting a deficit in stock-on-hand (except for raw materials, materials, fixed assets and foreign currency) and/or the fact of failure to observe the requirements for documentation of transactions for acquiring goods (except for raw materials, materials, fixed assets and foreign currency) as a result of measurement;

(6) when detecting violations prescribed by the Code as a result of examination of substantiation of amounts subject to crediting to the single account;

(7) when detecting a violation of the terms for the supply of goods to the organiser of a duty-free shop by the centralised supplier;

(8) in case of detecting violations prescribed by the Code as a result of thematic examination.

6. Field examinations shall be carried out based on the letter of instruction issued by the head of the tax authority, where the following shall be indicated:

(1) day, month, year and the number of the letter of instruction;

(2) full name and taxpayer identification number, place of location;

(3) position, name, surname of official(s) carrying out the examination;

(4) type, purpose of and legal grounds for the examination;

(5) time span under examination;

(6) term for carrying out the examination;

(7) place(s) where the examination is carried out, as necessary — depending on the type of examination;

(8) information on the rights and obligations of the taxpayer;

(9) fields for making relevant notes on the day of being notified of the examination and the day of actual start of the examination.

7. The power for issuing a letter of instruction on field examination may be transferred to the head

of the Tax Inspectorate by the order of the head of relevant structural subdivision. The order of the head of the tax authority on the transfer of the power for issuing a letter of instruction, referred to in this part, shall be posted on the official website of the tax authority.

8. Persons not referred to in the letter of instruction on field examination may not participate in the examination. Changes in and additions to the composition of persons carrying out an examination shall be made by the order of the official issuing the letter of instruction. The official authorised to issue the order on change or addition shall submit the copy of the order certified by electronic signature or the scanned copy thereof to the taxpayer by means of electronic notification before the officials carrying out the examination participate in the examination.

9. The absence of the taxpayer (head of the executive body) or the official substituting him or her or their failure to sign the letter of instruction or their refusal to accept the letter of instruction shall not serve as grounds for not carrying out the examinations prescribed by points 2 of part 3 of this Article.

10. After finishing the field examination, in case of detecting violations of legal acts regulating tax relations, as well as of implementation of other requirements of legal acts vesting powers of control in the tax authority, the official(s) carrying out an examination shall — within ten working days, based on the summary of the results of the examination and according to the types and purposes of the examination — draw up the draft protocol in the form prescribed by the tax authority on the results of the examination, which is signed by the official(s) carrying out the examination and is submitted to the taxpayer within three working days following the day on which it has been drawn up, as prescribed by part 8 of Article 342 of the Code. The draft protocol on the results of the examination shall be deemed to be handed over within the relevant terms prescribed for the draft of the inspection act by part 8 of Article 342 of the Code. Where no violations are detected as a result of a field examination, as well as in the case of counter-examinations, the official(s) carrying out an examination shall — within the term prescribed by this part — draw up the protocol on the results of the examination (without drawing up a draft) which is signed by the official(s) carrying out the examination, and is submitted to the taxpayer within three working days following the day on which it has been drawn up, as prescribed by part 8 of Article 342 of the Code. The protocol on the results of the examination shall be deemed to be handed over within the relevant terms prescribed for the inspection act by part 8 of Article 342 of the Code.

11. The taxpayer may submit objections related to the draft protocol or inform about the absence of objections within 10 working days following the day the draft protocol on the results of the field examination is deemed received through the electronic management system of the tax authority for submitting reports. If no objections are received on the draft protocol until the expiry of the time limit referred to in this part, the official carrying out the examination shall — within two working days following the expiry of the time limit and, in the case of receiving objections or being informed of the absence of objections — within three working days following the day of receipt thereof — draw up the protocol on the results of the examination in the form prescribed by the tax authority, which shall be signed by the official carrying out the examination and submitted to the taxpayer as prescribed by point 2 of part 8 of Article 342 of the Code. The draft protocol on the results of the examination shall be deemed to be delivered and effective within the relevant terms prescribed for the inspection act as defined by part 8 of Article 342 of the Code.

12. The terms for submitting the (draft) protocol to the taxpayer prescribed by parts 10 and 11 of this Article may be prolonged, taking into account the terms prescribed by part 8 of Article 342 of the Code.

13. In the cases prescribed by points 6 and 8 of part 5 of this Article, tax liabilities shall be imposed by protocols on the results of the examination and liability shall be imposed as prescribed by the Code and laws. Tax liabilities for the violations detected in the cases prescribed by this part may be imposed in the (draft) protocol where the statute of limitations for imposing tax liabilities, prescribed by the Code, has not expired on the date of drawing up the draft protocol.

14. According to the types of the examinations, in the (draft) protocol on the results of the examination the following shall be indicated in the form prescribed by the tax authority:

(1) number of the protocol, day, month, year of drawing up the protocol;

(2) day, month, year and the number of the letter of instruction on examination;

(3) full name and taxpayer identification number, place of location;

(4) position, name, surname of official(s) having carried out the examination;

(5) type of the examination;

(6) time span under examination;

(7) actual time period (start and end) of carrying out the examination;

(8) place(s) where the examination is carried out, as necessary — depending on the type of examination;

(9) examination results;

(10) with respect to the violations detected as a result of the examination:

a. description, time period of the violations, as well as the legal norms the requirements of which have not been complied with (descriptive part);

b. legal grounds for imposing liability and imposing tax liabilities (reasoning part);

c. text for imposing the liability, adjustment of tax liabilities, calculation of tax liabilities subject to payment (final part);

(11) in case no violations are detected during the examination — fields for making relevant notes thereon;

(12) fields for making relevant notes on the day of handing over to the taxpayer;

(13) relevant fields in the draft for making notes on not having objections;

(14) in the protocol — term of appeal thereof and the body to which it may be appealed, including the court;

(15) in the protocol — notes on accepting or not accepting the objections (which are attached to the protocol) on the draft protocol submitted by the taxpayer (head of the executive body) or the official substituting him or her.

15. The carbon copies of the documents related to violations and recording thereof, which are useful and necessary for revealing and assessing the factual circumstances of violations detected as a result of the examination shall be attached to the copy of the draft protocol on the results of the examination which is provided to the taxpayer.

16. The documents prescribed by part 15 of this Article shall be deemed to be the integral part of the protocol on the results of the examination.

(Article 343 supplemented by HO-68-N of 25 June 2019, HO-20-N of 18 January 2022, edited by HO-299-N of 7 July 2022, supplemented, amended, edited by HO-55-N of 4 March 2022, edited by HO-340-N of 25 October 2023, amended by HO-95-N of 28 February 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-20-N of 18 January 2022 has a transitional provision)

(Law HO-299-N of 7 July 2022 has a transitional provision)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 344. Office (internal) examinations

1. The purpose of office (internal) examination is to verify — through study and analysis of tax calculation reports and information submitted to the tax authority — the following:

(1) accuracy of tax calculation report;

(2) consistency of comparable indicators and data available in the same tax calculation report;

(3) consistency of comparable indicators and data of different tax calculation reports submitted to the tax authority by the same taxpayer;

(4) consistency of comparable indicators and data by tax calculation reports and in comparison with the information submitted to the tax authority;

(5) compliance of the selection of tax systems (including special) by the taxpayer to the requirements of the legal acts vesting powers of control in the tax authority;

(6) possible violations of the requirements of the legal acts vesting powers of control in the tax authority.

2. Office (internal) examinations shall be carried out exclusively in the tax authority in the procedure prescribed by the tax authority. Office (internal) examinations shall be carried out without the requirement to visit a taxpayer and submit additional documents, as well as without the requirement for the taxpayers to pay a visit and submit additional documents.

3. In case of detecting inaccuracies, discrepancies and/or violations as a result of office (internal) examination, a protocol on the results of the examination shall be drawn up in the form prescribed by the tax authority, which shall indicate the following:

(1) number of the protocol, day, month, year of drawing up the protocol;

(2) position, name, surname of official(s) having carried out the examination;

(3) full name and the taxpayer identification number;

(4) taxes and the relevant reporting period(s) during examination of which an inaccuracy, a discrepancy and/or a violation has been detected;

(5) violations (or possible violations) of the requirements of the legal acts vesting powers of control in the tax authority, description thereof.

4. In the case prescribed by part 3 of this Article the protocol on the results of the office (internal) examination shall — within three working days following the day on which it has been drawn up — be submitted to the taxpayer by means of electronic notification and shall be deemed delivered from the fifth day following the day of posting it on the taxpayer's personal page in the electronic management system of the tax authority for submitting reports.

5. The taxpayer shall, not later than within five working days following the day the protocol referred to in part 4 of this Article is deemed received:

(1) submit tax calculation reports (including verified) in due procedure — in the case of agreeing with the recorded inaccuracies, discrepancies and/or violations;

(2) submit his or her objections to the tax authority through the electronic management system of the tax authority for submitting reports, which the tax authority shall use while implementing tax control — in the case of not agreeing with the recorded inaccuracies, discrepancies and/or violations.

6. ***(part repealed by HO-55-N of 4 March 2022)***

7. ***(part repealed by HO-55-N of 4 March 2022)***

(Article 344 amended, edited, supplemented by HO-55-N of 4 March 2022)

Article 345. Test purchases

(Article repealed by HO-95-N of 28 February 2024)

Article 346. Measurements

1. The tax authority may take measurements for the purpose of calculating (assessing) taxable objects, tax bases and tax liabilities of a taxpayer, as well as of verifying the actual volumes of production of goods, extraction of minerals, sales, goods turnover, performance of works and/or provision of services of the taxpayer, deficit in stock-on-hand at places of supply or storage of goods (except for raw materials, materials, fixed assets and foreign currency), observance of the requirements for documentation of transactions for acquiring goods (except for raw materials, materials, fixed assets and foreign currency), as well as the actual sales prices (including average sales prices). The following may serve as grounds for carrying out measurements:

(1) absence of records on taxable objects, tax bases and tax liabilities as prescribed by legal acts regulating tax relations and/or absence of records prescribed by legal acts vesting power of control in the tax authority or failure to submit information related to those records;

(2) discrepancies in reports on physical volumes of turnover, as well as actual sales prices (including average sales prices) of separate goods, including mineral resources and mineral resource products included in the list prescribed by the Government submitted to the tax authority and data reflected in the tax invoices or tax calculation documents or data reflected in cash register receipts (including electronic receipts of the electronic cash register) or other documents not deemed as settlement documents, drawn up in the manner prescribed by legislation or data reflected in tax calculation reports submitted to the tax authority and information submitted (including received from a third person) to the tax authority;

(3) results of office (internal) tax examination carried out by the tax authority;

(4) results of analysis of taxable objects, tax bases and tax liabilities of taxpayers carried out by the tax authority, on which the taxpayer has been notified before carrying out the measurement;

(5) information revealed as a result of operational and intelligence measures of the tax authority related to possible violations of the requirements of legal acts vesting powers of control in the tax authority;

(6) results of analysis carried out by the tax authority regarding risks of failure to document the acquisition and/or sale of goods in the manner prescribed by the Code (except for raw materials, materials, fixed assets and foreign currency).

2. Measurement is an examination carried out by the tax authority with immediate participation of the taxpayer or the official thereof or the representative thereof (where necessary, involving the representative of the relevant authorised body or an independent expert) which is aimed at verifying:

(1) actual volumes of production of goods, extraction and sales of minerals, turnover of goods, performance of works and/or provision of services exclusively during the time period intended for carrying out the measurement, as well as the actual sales prices (rates);

(2) actual deficit in stock-on-hand with a taxpayer having exceeded the threshold of AMD 24 million of the sales turnover during any time period of the given tax year or the tax year preceding the given tax year or the value of goods acquired under relevant documents prescribed by points 1-5 of part 2 of Article 55 and/or in accordance with part 13 of the Code (except for raw materials, materials, fixed assets and foreign currency) (without amounts of VAT, excise tax and/or

environmental tax) or customs value of goods imported under the customs procedure “Release for domestic consumption” from the states not considered to be EAEU members, and with respect to goods imported from EAEU member states — of VAT base (without excise tax) as determined in the prescribed manner and/or compliance with the requirements for documentation of transactions for purchase of goods (except for raw materials, materials, fixed assets and foreign currency).

3. The total duration of all the measurements carried out within a tax year with a taxpayer may not exceed 30 working days, and in the case of subsoil users — 60 working days. The duration of one measurement may not exceed ten consecutive days and with a taxpayer having exceeded the threshold of AMD 24 million of sales turnover during any time period of the given tax year or the tax year preceding the given tax year or the value of goods acquired under relevant documents prescribed by points 1-5 of part 2 of Article 55 and/or in accordance with part 13 of the Code (except for raw materials, materials, fixed assets and foreign currency) (without amounts of VAT, excise tax and/or environmental tax) or of the customs value of goods imported under the customs procedure “Release for domestic consumption” from the states not considered to be EAEU members, and with respect to goods imported from EAEU member states — of VAT base (without excise tax) as determined in the prescribed manner — 15 consecutive days, except for the cases prescribed by part 6 of this Article.

4. Measurement shall be carried out based on the letter of instruction issued in accordance with part 6 of Article 343 of the Code, where in the case the representative of the relevant authorised body or an independent expert is involved in the measurement, the information (name, surname, position) on the representative involved in the measurement based on the order or the letter of instruction published by the head of the relevant authorised body or the information on the independent expert involved in the measurement as prescribed by the order of the head of the tax authority shall also be indicated.

5. On the day the measurement actually starts, the copy of the letter of instruction on measurement certified by electronic signature or the scanned copy thereof shall be submitted to the taxpayer by means of electronic notification. In the case of involving the representative of the relevant authorised state administration body or an independent expert in the measurement, they may participate in the measurement only immediately after submitting through electronic notification to the taxpayer the order of the head of the relevant authorised state administration body or the relevant supplement to the order or the letter of instruction of the head of the tax authority.

6. If it is impossible to complete the started measurement (due to temporary cessation of the activity, idleness caused by technical reasons and impossibility to carry out measurement (inventorying), strikes, adverse weather conditions and other similar circumstances), the officials taking measurement shall draw up a protocol in the form prescribed by the tax authority, which shall be signed by the officials carrying out the measurement and the taxpayer (head of the executive body) or the official substituting him or her. Based on the protocol drawn up as prescribed by this part, the course of measurement shall be suspended by the order of the official issuing the letter of instruction until elimination of the grounds for suspension. The taxpayer (head of the executive body) or the official substituting him or her shall be obliged to inform the tax authority about resuming the normal course of activity of the taxpayer, based on which the measurement shall actually begin or continue by the order of the official issuing the letter of instruction. The time period for temporary cessation of measurement upon the grounds referred to in this part shall not be included in the time period for carrying out the measurement, prescribed by the letter of instruction.

7. In case of obstruction of the measurement activities by the taxpayer (head of the executive body) or the official substituting him or her carried out in accordance with this Article, refusal to take inventory at the request of the officials of the tax authority or to provide necessary documents related to the objectives of the measurement, the officials carrying out the measurement shall draw up a protocol which shall be grounds for imposing liability on the taxpayer (head of the executive body) or the official substituting him or her as prescribed by law.

8. For the purpose of carrying out measurements of physical volumes of extraction of minerals, the authorised bodies carrying out the inspection of the base limits (restrictions) of calculation of natural resources utilisation fee shall — in the manner prescribed by the Government— submit the baseline data (with relevant coordination marks) recorded during the last (previous) inspection. Tax authority shall — in the manner prescribed by the Government — provide the baseline data (with relevant coordination marks) recorded as a result of the measurements carried out pursuant to this Article to the authorised bodies carrying out the inspection of base limits (restrictions) of calculation of natural resources utilisation fee, for the purpose of application thereof in the course of the inspections.

9. As a result of the measurement, a draft protocol on the results of the examination shall be drawn up — within the terms and in the manner prescribed by part 10 of Article 343 of the Code — and submitted to the taxpayer in the form prescribed by part 14 of the same Article, where in the case a representative of the relevant authorised body or an independent expert is involved in the measurement, the information (name, surname, position) on the representative involved in the measurement based on the order or the letter of instruction published by the head of the relevant authorised body or information on the independent expert involved in the measurement as prescribed by the order of the head of the tax authority shall also be indicated. The officials of the

relevant authorised state administration body, involved in the measurement, or the independent experts (in case of being involved in the measurement) shall also be obliged to sign the draft protocol. The protocol on the results of the examination shall be submitted to the taxpayer in the manner and within the terms prescribed by part 11 of Article 343 of the Code (in compliance with the requirements prescribed by this part). The provisions prescribed by point 10 of part 14 of Article 343 of the Code shall be included in the (draft) protocol only if as a result of measurement a deficit in stock-on-hand is detected with the taxpayers as referred to in point 2 of part 2 of this Article.

10. Measurement for the purpose of detecting deficit in stock-on-hand (hereinafter referred to as deficit) in places of supply and/or storage of goods (except for raw materials, materials, fixed assets and foreign currency) shall be carried out as follows:

(1) deficit shall be determined by taking steps in the following order:

a. (quantitative-cumulative) recording of the actual deficit by inventorying;

b. (quantitative-cumulative) determining of the documented stock-on-hand;

c. determining the size of deficit, which is the positive difference of the documented and actual stock-on-hand. Within the meaning of this point, the size of deficit shall be determined for each merchandise, by taking into account the differences of deficits and surpluses of identical or similar goods as a result of sorting one and the same merchandise, provided that the difference between the acquisition prices or sales prices of goods does not exceed 20 percent;

(2) on the day of actual start of the measurement, the official of the tax authority shall require that the taxpayer (head of the executive body) or the official substituting him or her take inventory of the actual stock-on-hand with participation of officials taking measurement at all the places of supply and storage of goods (except for raw materials, materials, fixed assets and foreign currency) by drawing up protocols on the actual stock-on-hand by inventorying as prescribed by the tax authority, in which the actual stock-on-hand as the result of inventorying shall be recorded according to the separate places of supply and storage, as expressed in measurement units of sales, as well as shall be mentioned the persons accountable for pecuniary damages;

(3) two copies of the protocols on the actual stock-on-hand shall be drawn up as a result of inventorying as of the actual day of starting the measurement, which shall be signed by the taxpayer (head of the executive body) or the official substituting him or her, persons accountable for pecuniary damages and officials taking measurement that have participated in the inventorying. During the time period following that day — before drawing up a protocol on the results of inventorying, the changes in stock-on-hand shall be recorded separately and shall not be taken into consideration while calculating the goods deficit;

(4) documented stock-on-hand shall be determined by taking steps in the following order:

a. determining the opening balance. The data on the actual stock-on-hand, recorded as prescribed by the Code, and in case of absence thereof — the protocols on the actual stock-on-hand drawn up during the previous complex tax inspection or measurement by the tax authority shall be taken as grounds for determining the opening balance, and in case of absence thereof — accounting data of the taxpayer, and in case of absence of accounting data — data provided to or received by the tax authority in the manner prescribed by Article 350 of the Code or data on stock-on-hand of taxpayers calculated on the basis data from the database of tax authority;

b. determining quantitative values of acquisition or production of goods. The settlement documents issued by suppliers or other persons, settlement and payment documents issued by the taxpayer, customs declarations, transit declarations, tax declarations at the time of import, cash register receipts, other documents not deemed as settlement documents and drawn up in the manner prescribed by legislation (irrespective of whether or not those are deemed to be documents substantiating the expense in accordance with the Code), information received from the third person, bookkeeping, production and technological documents and other data of internal record-keeping, as well as the quantitative values of acquired or produced but undocumented goods shall serve as grounds for determining the quantitative values of the goods acquired or produced by the taxpayer;

c. determining the quantitative values of supplied or transported goods. Taxpayer’s accompanying documents on supply or transportation, customs declarations, transit declarations, tax declaration at the time of export, fiscal profit recorded by cash register machines (including the quantitative indicators reflected therein in accordance with the names of goods and commodity items) shall serve as grounds for the purpose of determining the quantity of the goods supplied or transported by the taxpayer;

d. determining the amount of losses as prescribed by Section 6 of the Code;

e. documented stock-on-hand shall be determined by adding to the opening balance the quantitative values of the acquisition and production of goods from the day of drawing up the protocol on the opening balance until the day of recording the actual balance of the inventory in accordance with this part, by deducting the quantitative values of goods supplied (transported) during that time period and the quantitative values of losses determined in accordance with the amounts prescribed by Section 6 of the Code and supported by documents;

(5) in case it is impossible to determine the price of goods (including indirect taxes) included in

the composition of the size (quantity) of the deficit determined as prescribed by this part, the weighted average price of the sales (realisation) of the same goods supported by bilateral settlement documents with the taxpayer during the quarter when the deficit has been detected, and in case of absence thereof — the price determined by indirect methods as prescribed by the Code shall be deemed to be the price (value) of the goods;

(6) procedure for detecting the deficit in stock-on-hand prescribed by this part shall also be applied during complex tax inspections. Within the meaning of applying this procedure, the calculation of the actual and documented stock-on-hand and the size of deficit shall be determined only with respect to finished products and goods acquired or produced by the taxpayer;

(7) during complex tax inspections and examinations carried out by the tax authority, the documented stock-on-hand may also be determined based on the information included in the file created via accounting software provided by the taxpayer.

11. Measurement in accordance with the procedure prescribed by part 10 of this Article for the purpose of detecting the deficit of the stock-on-hand in places of supply and/or storage of goods (except for raw materials, materials, fixed assets and foreign currency) (including (quantitative-cumulative) recording of the actual deficit by inventorying, quantitative-cumulative determining of the documented stock-on-hand, determining the size of the deficit) shall be conducted with respect to goods chosen by the official of the tax authority. When carrying out measurement with respect to goods chosen for the purpose of determining the deficit, the choice of goods is made at least 10-digit level of CN FEA code. The official of the tax authority shall be obliged to carry out the measurement in the manner prescribed by this part with respect to all chosen goods included in the first 4-digit level of the CN FEA. The size of deficit with respect to chosen goods shall be determined for each item of goods, by taking into account the differences of deficits and surpluses of identical or similar goods as a result of sorting the goods corresponding to first 4-digits of the CN FEA, provided that the difference between the acquisition prices or sales prices of goods does not exceed 20 percent. The Procedure for detecting a deficit in stock-on-hand prescribed by this part is also applicable during the complex tax inspections.

12. The list of goods indicated in part 11 of this Article shall be submitted to the taxpayer along with the letter of instruction on examination for information. During the examination officials of the tax authority have no right to carry out measurement with respect to goods not included in the list.

13. Examination over observance of the requirements for documenting the transactions acquired during the measurement of goods (except for raw materials, materials, fixed assets and foreign currency) shall be carried out in accordance with this Article. Procedure for examination over the observance of the requirements for documentation of transactions for acquisition of goods (except for raw materials, materials, fixed assets and foreign currency) carried out in accordance with this Article is also applicable during the complex tax inspections.

(Article 346 edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, edited, amended by HO-55-N of 4 March 2022, supplemented, edited, amended by HO-340-N of 25 October 2023, supplemented, amended by HO-474-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 347. Counter-examination

1. During complex tax inspection of taxpayers tax authority may carry out counter-examinations with other taxpayer(s) having been a party to a transaction(s) with them only with respect to that (those) transaction(s) where it is necessary to verify the conditions of carrying out the transaction(s), documents of the transaction(s), data and information thereof.

2. The term for counter-examination of the taxpayer may not exceed ten consecutive working days.

3. The examination shall be carried out based on the letter of instruction issued in accordance with part 6 of Article 343 of the Code, where the full name and taxpayer identification number of the taxpayer shall also be indicated with whom a complex tax inspection has been conducted and a necessity for carrying out a counter-examination arose.

4. The letter of instruction on examination shall — at least one working day before starting the examination — be submitted to the taxpayer for information as prescribed by part 3 of Article 339 of the Code. The taxpayer shall be deemed to be notified about the examination within the relevant terms prescribed by part 3 of Article 339 of the Code.

5. As a result of the examination, a protocol (without drawing up a draft) on the results of the examination shall — within the terms and in the manner prescribed by part 11 of Article 343 of the Code — be drawn up and submitted to the taxpayer, where the provisions of point 10 of part 14 of Article 343 of the Code shall not be included.

6. Counter-examination shall be carried out irrespective of whether the reporting periods including the transaction(s) referred to in part 1 of this Article have been inspected or re-inspected with the taxpayer through complex tax inspection.

(Article 347 amended by HO-55-N of 4 March 2022)

Article 348. Examination of justification of amounts subject to crediting to single account

1. For the purpose of substantiation of the VAT and excise tax refundable amounts considered risk-prone in accordance with the criteria prescribed by the Government and generated by the unified VAT and excise tax calculation report by the results of activities in each reporting period and crediting to the single account, the tax authority shall carry out an examination of the substantiation of the amounts subject to crediting to the single account (hereinafter also referred to in this Article as “examination”) based on the application of a taxpayer. The form of and procedure for completing the application shall be defined by the tax authority.

2. The term for each examination with the taxpayer, as prescribed by this Article, may be defined in the letter of instruction on examination for not more than 15 consecutive working days starting from the day of receipt of the application of the taxpayer by the tax authority. Where necessary, the term referred to in this part may — based on the written communication of the official(s) carrying out the examination — be prolonged for up to ten consecutive working days by the order of the official issuing the letter of instruction. The taxpayer shall be informed about prolongation of the term for examination of the substantiation of the amounts subject to crediting to the single account, by submitting the copy of the order certified by electronic signature or the scanned copy thereof not later than on the expiration date of the examination mentioned in the letter of instruction.

3. Examination of the substantiation of the amounts subject to crediting to the single account shall be carried out based on the letter of instruction issued in accordance with part 6 of Article 343 of the Code. Two copies of the letter of instruction on examination shall — on the day of starting the examination — be submitted to the taxpayer for information, in the manner and by the means prescribed by part 3 of Article 339 of the Code. Taxpayer shall be deemed to be notified of carrying out the examination within the relevant terms prescribed by part 3 of Article 339 of the Code. 4. The course of examination of the substantiation of the amounts subject to crediting to the single account may — where there are grounds prescribed by part 3 of Article 341 of the Code — be suspended within the terms prescribed by parts 3 and 4 of the same Article by the order of the official issuing the letter of instruction. The suspension of the course of examination of the substantiation of the amounts subject to crediting to the single account, prolongation of the term of suspension, resuming the suspended examination shall be carried out in the procedure and within the terms defined for tax inspections by Article 341 of the Code.

5. During the examination, the following shall be verified:

(1) amounts not substantiated by the results of the previous examinations, as well as the amounts attributed to the transactions with regard to which the term for the examination has been suspended;

(2) credibility of the data included in the unified calculation reports of VAT and excise tax submitted by the taxpayer;

(3) ***(point repealed by HO-244-N of 26 May 2021)***

(4) compliance of tax invoices for acquisitions with the requirements of the Code;

(5) substantiation of the compensation amount of excise tax in case of performance of transactions prescribed by points 1-3 of part 2 of Article 89 of the Code.

6. ***(part repealed by HO-101-N of 1 March 2023)***

7. ***(part repealed by HO-101-N of 1 March 2023)***

8. ***(part repealed by HO-101-N of 1 March 2023)***

9. ***(part repealed by HO-244-N of 26 May 2021)***

10. ***(part repealed by HO-101-N of 1 March 2023)***

11. As a result of the examination, a draft protocol on the results of the examination shall be drawn up — within the terms and in the manner prescribed by part 10 of Article 343 of the Code — and submitted to the taxpayer in the form prescribed by part 14 of the same Article. A protocol on the results of the examination shall be drawn up and submitted to the taxpayer in the manner and within the terms prescribed by part 11 of Article 343 of the Code. The provisions prescribed by point 10 of part 14 of Article 343 of the Code shall be included in the (draft) protocol only in the case prescribed by point 6 of part 5 of the same Article.

12. The amounts subject to crediting to the single account may be substantiated also during the complex tax inspections.

(Article 348 amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, supplemented by HO-190-N of 5 May 2021, amended by HO-244-N of 26 May 2021, HO-55-N of 4 March 2022, edited, amended by HO-101-N of 1 March 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-172-N of 23 September 2019 has a transitional provision)

(Law HO-190-N of 5 May 2021 has a transitional provision)

(Law HO-244-N of 26 May 2021 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 349. Examination carried out for the purpose of reimbursing tax amount charged from income received from sources of the Republic of Armenia by non-residents of the Republic of Armenia and for responding to inquiries of the authorised body of a foreign state in accordance with provisions of international treaties of the Republic of Armenia

1. In accordance with the provisions of the international treaties signed on behalf of the Republic of Armenia or the Government, tax authority may carry out an examination with the taxpayers:

(1) to respond to the inquiries of the authorised body of a foreign state for the purpose of verifying the information related to the record-registration and economic activities of the taxpayer who is a party to a transaction performed with a foreign person, to tax liabilities, the fact, authenticity, volumes, value and prices of certain transactions thereof;

(2) for the purpose of reimbursing the tax amount charged from the income received from sources of the Republic of Armenia by non-residents of the Republic of Armenia.

2. The following shall serve as grounds for carrying out an examination:

(1) official inquiry to a tax authority made by the authorised body of a foreign state within the scope and in the manner provided for by the requirements of international agreements of the Republic of Armenia;

(2) necessity of reimbursing the taxpayer the tax amount charged from the income received from the sources of the Republic of Armenia based on the provisions of international agreements on excluding double taxation, signed on behalf of the Republic of Armenia or the Government.

3. The term for each examination with the taxpayer, prescribed by this part, may be defined by the letter of instruction on examination for not more than 15 consecutive working days.

4. The examination shall be carried out based on the letter of instruction issued in accordance with part 6 of Article 343 of the Code. The letter of instruction on examination shall — at least one working day before starting the examination — be submitted to the taxpayer for information in the manner and by the means prescribed by part 3 of Article 339 of the Code. The taxpayer shall be deemed to be notified of carrying out the examination within the relevant terms prescribed by part 3 of Article 339 of the Code.

5. The course of the examination prescribed by this Article shall — where there are grounds prescribed by part 3 of Article 341 of the Code — be suspended by the order of the official issuing the letter of instruction for the period prescribed by parts 3 and 4 of the same Article. The suspension of the course of the examination, prolongation of the term of suspension, resuming the suspended examination shall be carried out in the procedure and within the terms defined for tax inspections by Article 341 of the Code.

6. During the examination, the following shall be verified:

(1) information with regard to the record-registration and economic activities of a taxpayer that is a party to the transaction, tax liabilities thereof, the fact, authenticity, volumes, value and prices of individual transactions;

(2) substantiation for refunding the tax amount charged from the income received from the sources of the Republic of Armenia by non-residents of the Republic of Armenia.

7. As a result of the examination, a draft protocol on the results of the examination shall be drawn up — within the terms and in the manner prescribed by part 10 of Article 343 of the Code — and submitted to the taxpayer in the form prescribed by part 14 of the same Article. The protocol on the results of the examination shall be submitted to the taxpayer in the manner and within the terms prescribed by part 11 of Article 343 of the Code. The provisions on imposing liability and tax liabilities with respect to the detected violations prescribed by sub-points “b” and “c” of point 10 of part 14 of Article 343 of the Code, shall not be included in the (draft) protocol referred to in this part.

(Article 349 amended by HO-261-N of 23 March 2018, HO-55-N of 4 March 2022)

Article 349.1. Thematic examination

1. For the purpose of examination of accuracy of tax (fee) calculation, the tax authority may carry out a thematic examination with the taxpayer.

2. Exclusively the results of the office (internal) examination on definitely known taxable transactions may serve as a ground for carrying out a thematic examination on which the taxpayer has been notified in advance by means of electronic notification, but within 10 working days following the day of the notification he or she has not submitted tax calculation reports (including verified) or reasoned objections in regard to violations through the electronic management system of the tax authority for submitting reports.

3. Thematic examinations shall be carried out based on the letter of instruction issued in accordance with part 6 of Article 343 of the Code, which may be issued no more than once in each tax year. In the letter of instruction on thematic examination, in addition to the data prescribed by part 6 of Article 343 of the Code, the following shall be necessarily stated:

(1) number and date of the protocol of the office (internal) examination carried out by the tax authority, date of sending a notice on the protocol to the taxpayer;

(2) reporting periods subject to examination related to the results of the office (internal) examination carried out by the tax authority. Moreover, the letter of instruction on examination may not include the following:

a. tax types and reporting periods not related to the results of the office (internal) examination carried out by the tax authority;

b. reporting periods having been subjected to complex tax inspection;

c. reporting periods subject to inspection with taxpayers that are in the process of complex tax inspection or included in the programme of inspections for the given year;

d. reporting periods examined as prescribed by Article 348 of the Code.

4. The time limit for each examination with the taxpayer prescribed by this Article may be defined by the letter of instruction on examination for not more than 10 consecutive working days. Where necessary, upon the order of the official issuing the letter of instruction the time limit prescribed by this point may — on the basis of the written report of the official(s) carrying out the examination — be extended for up to five consecutive working days. The copy of the order on the extension of the time limit for thematic examination certified by electronic signature or the scanned copy thereof shall be submitted to the taxpayer by means of electronic notification not later than the day of expiry of the time limit specified in the letter of instruction.

5. The letter of instruction on the thematic examination shall be submitted for information by means of electronic notification on the day of the actual start of the examination.

6. The process of the thematic examination may be suspended by the order of the official issuing the letter of instruction where there are grounds prescribed by part 3 of Article 341 of the Code for the time limits prescribed by parts 3 and 4 of the same Article. The suspension of the thematic examination, extension of the time limit for suspension, resumption of the suspended examination shall be carried out in the manner and within the time limits prescribed by Article 341 of the Code for tax inspections.

7. As a result of the examination, the draft protocol on the results of the examination shall be drawn up and submitted to the taxpayer within the time limits and in the manner prescribed by part 10 of Article 343 of the Code, in the form prescribed by part 14 of the same Article. The protocol on the results of the examination shall be drawn up and submitted to the taxpayer in the manner and within the time limits prescribed by part 11 of Article 343 of the Code. The provisions prescribed by point 10 of part 14 of Article 343 of the Code shall be included in the protocol (draft) only in the case prescribed by point 8 of part 5 of the same Article. Moreover, in case the assumed violations are not confirmed as a result of the examination and/or tax calculation reports (including verified) related to the results of office (internal) examination are submitted during the examination, the protocol of examination shall clarify the reasons of not confirming the relevant risks and/or shall state information on the submitted tax calculation reports (including verified).

(Article 349.1 supplemented by HO-55-N of 4 March 2022)

CHAPTER 70

INFORMATION USED DURING TAX CONTROL

Article 350. Information used during tax control

1. When exercising tax control, the tax authority shall use the information provided to the tax authority or received by the tax authority, including information available in public sources (internet) or automatic information bases, as well as information on transactions related to tax calculation, volumes of goods, services, works included in the list established by the Government and submitted through the procedure established by the Government, their movement, actual sales prices, as well as income paid by them or at their expense, withheld taxes, property or incomes, other information on the data required for the purposes of taxation, with regard to themselves or other taxpayers available to them or kept by them, as well as information received from third parties, explanations, testimonies, expert opinions, documents, materials, items available in the administrative or criminal proceedings or in the course of operational investigative activities or as a result thereof, as well as the circumstances that the tax authority considers at its discretion appropriate and necessary for the identification and assessment of the factual circumstances of the case;

2. Third parties shall mean a state administration or local self-government body, a taxpayer submitting to the tax authority information on a transaction or operation or activities of another taxpayer as prescribed by the Government, or upon request.

3. Information constituting bank, commercial, tax or any other secret protected by law shall be kept by the tax authority as prescribed by law of the Republic of Armenia.

(Article 350 amended by HO-261-N of 23 March 2018, edited by HO-307-N of 3 June 2020, amended by HO-276-N of 4 June 2021, edited by HO-55-N of 4 March 2022, amended by HO-299-N of 7 July 2022)

(Law HO-276-N of 4 June 2021 has a final part and transitional provisions)

(Law HO-55-N of 4 March 2022 has a transitional provision)

(Law HO-299-N of 7 July 2022 has a transitional provision)

Article 350.1. Receipt of statement of the bank account and summary information

(title edited by HO-125-N of 28 February 2024)

1. To assess the risks within the scope of tax control in accordance with the procedure established by Article 332 of the Code, the tax authority shall receive through the electronic system the summary information on each bank account of the taxpayer from commercial banks of the Republic of Armenia through the Central Bank of the Republic of Armenia until the deadline for the profit tax calculation, and, in case of natural persons not deemed individual entrepreneurs or notaries — until the deadline for submission of the annual income tax calculation (declaration), defined by the Code. The technical specification of the electronic system provided for by this part, procedure for information transfer and the standard format of transferred data shall be established by the Central Bank of the Republic of Armenia in agreement with the tax authority.

2. To receive the statement of the bank account of the taxpayer (for the period of tax control) within the scope of tax control prescribed by Section 17 of the Code, the tax authority shall, through the personal page of the taxpayer in the electronic management system for submitting reports, make an enquiry to the taxpayer, who shall be obliged to submit to the tax authority the statement on the bank account approved by a commercial bank within three working days after receiving the enquiry, and within five working days where the natural person taxpayers are not individual entrepreneurs or notaries. The enquiry envisaged by this part shall be deemed as received in case it is notified through electronic management system on the day following its posting on the personal page of the taxpayer in the electronic management system for submitting reports. The procedure and the form of enquiry of the tax authority to the taxpayer defined by this part, the procedure for provision by the taxpayer of the statement on the bank account shall be established by the Government.

Where the taxpayer fails to provide the statement on the bank account after receiving the enquiry of the tax authority prescribed by part 2 of this Article within the time limits prescribed by the same part, the tax authority shall receive the statement on the bank account on the basis of bank decision in the manner prescribed by the Administrative Procedure Code of the Republic of Armenia.

(Article 350.1 supplemented by HO-595-N of 23 December 2022, edited by HO-125-N of 28 February 2024)

(Law HO-595-N of 23 December 2022 has a transitional provision)

(Law HO-125-N of 28 February 2024 has a transitional provision)

CHAPTER 71

Article 351. Indirect assessment of tax bases and tax liabilities

1. During complex tax inspections, the tax authority shall carry out an indirect assessment (reassessment) of tax bases and tax liabilities of the taxpayer in the case any of the following grounds exist:

(1) absence of accounting or of records pertaining to tax liabilities prescribed by the legislation;

(2) failure to submit the information or documents prescribed for the calculation of tax liabilities;

(3) failure to provide the officials conducting inspection with the copy of the file created through the computer programme for accounting in cases prescribed by the legislation;

(4) unreliable data included in the tax calculation reports submitted to the tax authority;

(5) keeping accounting with the violation of the norms and rules provided for by the Law of the Republic of Armenia “On accounting”, which results in impossibility to calculate the tax liabilities of the taxpayer as prescribed by the Tax Code, or failure to keep analytical accounting on the commercial (purchase and sale) activity by a taxpayer having sales turnover or gross income exceeding AMD 200 million in a tax year involving the inspection or failure to provide the data recorded while keeping analytical accounting;

(6) inconsistency between data related to tax calculation reflected in accounting documents or tax calculation reports related to accounting or tax liabilities and data reflected in the statement of the bank account regarding operations giving rise to tax obligations.

2. Within the meaning of this Article, data included in the tax calculation reports submitted to the tax authority shall be considered as unreliable where:

(1) based on the results of the measurements taken on the premises of the taxpayer in the course of any reporting period and the data of the tax calculation reports submitted to the tax authority for the same reporting period by the taxpayer, there is a positive difference of 20 and more percent between the calculated values of tax bases;

(2) based on the results of a test purchase carried out on the premises of the taxpayer in the course of any reporting period and the data having served as a basis for tax calculation reports (including accounting data) submitted to the tax authority for the same reporting period by the taxpayer, there is a positive difference of 20 and more percent between the prices;

(3) there is a positive difference of 20 and more percent between the information submitted to the tax authority for exercising tax control and the data of tax bases of tax calculation reports submitted to the tax authority for the same reporting period;

(4) as regards the transactions having served as a basis for taxation and carried out between dependent taxpayers, there is a positive difference of 20 and more percent from the comparable prices of these transactions in comparable circumstances.

3. Concepts prescribed by this Article shall be used in the following meanings:

(1) dependent taxpayer: a taxpayer whose decisions are predetermined by another taxpayer in a manner not prohibited by law (including related parties in accordance with the Code);

(2) market price: the price of goods, works and services which is formed due to the relationship of supply and demand for the same or, in the absence of such, similar goods, same works or same services in the market.

4. During the indirect assessment (reassessment) of tax bases and calculation of tax liabilities, the tax authority may apply the following methods:

(1) method of comparable prices: taxable objects and tax bases are assessed (reassessed) by comparing them with the market prices of the same or, in the absence of such, similar goods, same works or same services in comparable circumstances. The main condition for the application of the method of comparable prices is the existence of (any of) the baseline data on the market prices of the same or, in the absence of such, similar goods, same works or same services in comparable circumstances in accordance with this Article. For the purpose of determining the market price of the transaction in question when applying the method of comparable prices, the comparable market prices may be adjusted having regard to the terms of the transaction in question and those of the compared transactions, the place of activity, the number of workers, the specialisation, turnover volumes, expenses, incomes, profitability; however, the comparable market price may be deducted by not more than 10 percent as a result of the adjustment;

(2) cost method: for the assessment (reassessment) of taxable objects, the market price of goods, works or services shall be determined as the sum total of the expenses related to the purchase, processing (where applicable) and other expenses recognised as costs and the mark-up with regard to the given goods, work or services. The main condition for the application of the cost method shall be the existence of (any of) the baseline data on the costs incurred and the mark-up added in one or

more transactions with regard to the same or, in the absence of such, similar goods, same works or same services in comparable circumstances in accordance with this Article. For the purpose of determining the market price of the transaction in question when applying the cost method, the market price determined based on the comparable mark-up may be adjusted having regard to the terms of the transaction in question and those of the compared transactions, the place of activity, the number of workers, the specialisation, turnover volumes, expenses, incomes, profitability; however, the market price determined based on the comparable mark-up may be deducted by not more than 10 percent as a result of the adjustment;

(3) resale price method: for the purpose of assessment (reassessment) of taxable objects, the market price of goods shall be determined as the difference between the price of the subsequent sale (resale) of the same goods and the sales expenses incurred and the resale mark-up added to those goods by the reseller, excluding the price at which those goods were purchased by the reseller. When applying the resale price method, the mark-up added by the comparable reseller shall be taken into account, provided that in the case of transactions with regard to the same or, in the absence of such, similar goods, same works or same services, the profitability usually applicable in the given sector is ensured. The main conditions for the application of the resale price method are the absence of information on the sales price of the goods in question or that the existing data is unreliable, the existence of a resale price for the goods in question and of sales expenses incurred by the reseller;

(4) profit split method: for the purpose of assessment (reassessment) of taxable objects for dependent taxpayers, the amount of profit which would have been distributed among the parties to the transaction had they not been dependent shall be calculated. The method of splitting the profit generated from the transaction assumes that each of the dependent taxpayers participating in the transaction receives that part of the total profit (income or loss) generated from the transaction in question which a person considered as non-dependent would anticipate when participating in an independent comparable transaction. The profit split method shall be applied in cases where transactions cannot be assessed separately due to the fact that they are related;

(5) comparable profit method: for the purpose of assessment (reassessment) of taxable objects for dependent taxpayers, the net profit which independent parties to the transaction would have generated in comparable circumstances shall be determined. The net profit generated in transactions carried out between dependent taxpayers shall be compared with the net profit (income) generated from one or more transactions with regard to the same or, in the absence of such, similar goods, same works or same services in comparable circumstances. Within the meaning of this point, net profit generated from transactions shall mean the positive difference between the income derived from these transactions and the expenses related thereto;

(6) method of number of hired workers: for the purpose of assessment (reassessment) of taxable objects, the proportion (in percentage terms) of the number of workers engaged in different types of activities in the total number of workers shall be determined and multiplied by the amount of the gross income derived as a result of the implemented activities. The method of number of workers shall be applied where the proportion of the income derived as a result of a certain type of activities in the composition of the gross income derived as a result of carrying out different types of activities by the taxpayer is not clear;

(7) method of application of measurement results: this method shall be applied where based on the results of the measurements taken on the premises of the taxpayer during any reporting period for the purpose of assessment (reassessment) of tax bases and the data of the tax calculation reports submitted by the taxpayer for the same reporting period, there is a positive difference of 20 and more percent between the calculated values of tax bases:

a. the tax liabilities for the monthly or quarterly reporting periods during which the measurements were taken shall be adjusted in the amount of the positive difference revealed by the results of the measurements, and for the purpose of re-calculation of tax liabilities subject to annual reporting, only the adjustments of the monthly or quarterly reporting periods referred to in this sub-point shall be taken into account;

b. also the tax liabilities for monthly or quarterly reporting periods of the tax year during which no measurements were taken shall be adjusted based on the results of the measurements where measurements — all relating to different reporting months or reporting quarters — have been taken on the premises of the taxpayer at least four times during the tax year and there is a positive difference of 20 and more percent between the averaged result (arithmetic mean) of those measurements and the averaged value (arithmetic mean) of the tax bases calculated in the tax calculation reports submitted by the taxpayer for the same periods. For the purpose of re-calculation of tax liabilities subject to annual reporting, the adjustments for monthly or quarterly reporting periods during which no measurements were taken shall be done in the amount of the differences referred to in this sub-point;

c. the results of measurements taken during monthly or quarterly reporting periods shall be averaged by the arithmetic mean to one hour of measurement-taking (minutes shall be disregarded) and shall be calculated for all the working days of the monthly or quarterly reporting periods accordingly, having regard to the taxpayer’s work schedule. In the case referred to in sub-point “b” of this point, the averaged results of measurements shall be calculated as the arithmetic mean of the

values calculated as prescribed by this sub-point for the corresponding monthly or quarterly reporting periods. For the purpose of adjustment of tax liabilities of reporting periods, the results of measurements taken on holidays, as well as periods of termination of the activities of the taxpayer during a reporting period as prescribed by law, shall be disregarded;

(8) method of application of results of test purchases: this method shall be applied where there is a positive difference of 20 and more percent between the results of the test purchase carried out on the premises of the taxpayer during any reporting period as prescribed by law and the prices according to the data (including accounting data) having served as a basis for compiling the statements submitted for the same reporting period by the taxpayer. The tax liabilities for the monthly or quarterly reporting periods during which the test purchases were carried out shall be adjusted in the amount of the positive difference revealed by the results of the test purchase, and for the purpose of re-calculation of the tax liabilities subject to annual reporting, only the adjustments of the monthly or quarterly reporting periods referred to in this point shall be taken as a basis. Based on the results of the test purchase, the adjustments referred to in this point shall be carried out only with regard to those goods, works and services with regard to which test purchases have been carried out.

5. The following baseline data shall serve as a basis for the application of the methods of indirect assessment (reassessment) of taxable objects of taxpayers and calculation of tax liabilities:

(1) information available on the databases of tax and customs authorities, as well as in the tax (customs) records of the taxpayer, in particular:

a. data included in the tax calculation reports submitted by the taxpayer;

b. physical volumes of production and turnover, as well as actual sales prices (including average sales prices) of mineral resources and mineral resource products and goods included in the list prescribed by the Government;

c. sum total of cash settlements made by cash register machines, including electronic cash register machines;

d. data from settlement documents (tax invoice, adjusting tax invoice, tax bill, adjusting tax bill, cash register machine receipt and electronic receipt of electronic cash register machine (only those supporting incomes)) used for the purpose of documentation of transactions and operations;

e. data of inspections and/or examinations (including test purchase results), inventories and measurements;

f. the tax value determined in the manner prescribed for the import of goods into the Republic of Armenia from states which are not members of the EAEU or export of goods, across the border of the Republic of Armenia, into states which are not members of the EAEU;

(2) information submitted to the tax authority as prescribed by the Code (including the information received from third parties);

(3) information required for the determination of comparable market prices of the same or, in the absence of such, similar goods, same works or same services in comparable circumstances, in particular:

a. value of services or property estimated by entities carrying out activities of property valuation, other specialised (expert) organisations (brokers, exchanges);

b. prices having served as a basis for drawing up a state procurement and budget expenditures estimate, profit anticipated within the framework of construction orders (including tenders);

c. list (catalogue) prices, information posted on the internet websites, published by telecommunication services, press and mass media, as well as advertisements;

d. sales price of the same or, in the absence of such, similar goods, formed in an auction procedure;

e. information received from the State Commission for the Protection of Economic Competition of the Republic of Armenia on prices at which goods, works or services are sold by organisations with a dominant position in different economic sectors;

f. average sales prices of goods provided by the National Statistical Service of the Republic of Armenia in the prescribed manner;

(4) data serving as a basis for taxation, provided by bodies conducting criminal proceedings;

(5) data on prices, as well as on other indicators serving as a basis for taxation, applied in the relevant period by or among taxpayers carrying out their activities in comparable circumstances (including data on costs, income mark-ups, overheads), prices of the same or, in the absence of such, similar goods, same works or same services;

(6) other information obtained as prescribed by law.

6. Methods prescribed by points 7 and 8 of part 4 of this Article shall be applicable only in cases prescribed by points 1 and 2 of part 2 of this Article.

7. For the purpose of application of the methods prescribed by part 4 of this Article:

(1) in the case of absence of production, processing and other documented expenses recognised as expenses attending the sale, the indicator for the calculation of the tax base for the 25-percent profit tax on the entrepreneurial income shall be taken as a basis;

(2) in the case of absence of incomes from sales, the indicator for the calculation of the 33.3-percent overhead against the sum total of purchase, processing and other expenses shall be taken as a basis.

8. Where there are no documents (information, data) supporting the purchase (producing) of goods by a taxpayer during other reporting periods, these goods shall be considered as purchased (produced) in the last reporting period (month or quarter) of the period under inspection but not later than the reporting period of alienation (use, consumption) of these goods, having regard to the peculiarities of their production. Where there are no documents (information, data) supporting the purchase (producing) of goods by a taxpayer during the period under inspection, these goods shall be considered as alienated in the last reporting period (month or quarter) of the period under inspection but not earlier than the reporting period of acquisition of these goods.

9. The result of any method applied based on the baseline data prescribed by this Article shall be considered as the tax base assessed (reassessed) by the tax authority. Where the tax authority arrives at different results (assessed (reassessed) tax base) as a result of application of different baseline data by using different methods or the same method, the tax authority shall choose the smallest of them, except for cases where the indirect calculation of tax liabilities is carried out based on the taxable object(s) and tax base(s) constituting the basis for taxation which are submitted by bodies conducting criminal proceedings as prescribed by law and other bodies entitled to perform inspections, in which case only these data shall be taken into account.

10. Pursuant to part 9 of this Article, the decision on application of the results of an assessment (reassessment) of tax bases for a taxpayer shall be adopted by the head of the structural sub-division of the tax authority. This decision may be adopted in the period from the day when the inspection actually started until the day of end of the inspection.

11. The calculation of tax liabilities of a taxpayer on the basis of the tax base (bases) assessed (reassessed) in accordance with this Article shall be carried out as prescribed by the Code. Where the tax bases indicated in the tax calculation reports submitted to the tax authority by the taxpayer exceed the tax base amount determined in accordance with this Article, the data submitted in the tax calculation reports of the taxpayer shall be taken as a basis.

(Article 351 amended by HO-261-N of 23 March 2018, supplemented by HO-103-N of 12 April 2022, HO-595-N of 23 December 2022)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Law HO-595-N of 23 December 2022 has a transitional provision)

CHAPTER 72

RELATED TAX CONTROL PROCEDURES

Article 352. Access to premises or buildings

1. Within the framework of the issues and for the purposes referred to in the letter of instruction on tax control, officials exercising tax control may — with the participation of the representative of the taxpayer — have unfettered access to the premises or buildings used as places of business by a taxpayer, examine these premises or buildings or taxable objects.

2. Where access of officials exercising tax control to the mentioned premises or buildings (except for residential premises or buildings) is obstructed, a protocol shall be drawn up in the form prescribed by the tax authority which shall be signed by the official (officials) exercising tax control and the taxpayer (the head of the executive body) or the official substituting him or her or the representative of the taxpayer. In the case of refusing to sign the protocol, a relevant note shall be made in the protocol.

3. Access of officials exercising tax control to premises where natural persons are residing without the written permission of the natural persons residing there shall be prohibited, except for cases where the premises are used for the activities of the taxpayer (only with regard to such premises).

Article 352.1. Video recording during thematic tax inspection

1. To substantiate the circumstances confirming the fact of violation recorded within the scope of

thematic tax inspection, the officials exercising tax control may use official video recording technical means (hereinafter referred to as ttechnical means") within the time period restricted by exercising the powers of tax control.

2. The tax authority shall use the technical means solely in a non-confidential manner.

3. Within the framework of test purchase made during the thematic tax inspection the technical means shall be used in case of detecting violations by the moment of making test purchase(s) and as a result of test purchase(s) made, during recording of the violation.

4. Where an issue arises on accuracy of formalisation of the recruitment of the worker as prescribed by the legislation and/or submission of a request for the registration of the worker, as well as recording the violation when violations are detected as a result of test purchase(s) made, the official carrying out inspection on video recording by technical means shall be obliged to warn verbally about it the taxpayer (head of the executive body) or official substituting him or her, as well as the person directly communicating therewith

5. The video recording recorded through technical means used in cases provided for by part 1 of this Article shall be considered evidence substantiating the violation in the appeal proceedings through administrative or judicial procedure without publishing or with minimum publishing of data identifying other persons.

6. Using (including publishing) the video recordings for the purposes other than provided for by this Article shall be prohibited.

7. Where a violation has been recorded by technical means, the video recordings shall be stored in the archive of video recordings of the tax authority until the administrative act becomes unappealable.

8. When violations are detected by use of technical means, after they are recorded, upon the written request of the taxpayer (head of the executive body) or the official substantiating him or her (within three working days following the day the application arrives at the tax authority), the tax authority shall, at the wish of the applicant, post the video recording on the personal profile of the taxpayer or shall provide an individual password — a sequence of digital and/or letter symbols, allowing to observe and copy the video recording showing the violation by entering them on the official website of the tax authority.

9. The images of persons captured on the frame of the video recording showing the violation and delivered (informed, posted on the website of the tax authority) to the taxpayer (head of the executive body) or the official substantiating him or her shall be darkened.

10. The list of officials who have the right to access the archive of video recordings and become familiar with the data, the procedure for using, storing and destroying the data, the list of technical means, the scope of officials having the right to use the technical means shall be established by the head of the tax authority.

(Article 352.1 supplemented by HO-95-N of 28 February 2024)

Article 353. Withdrawal and seizure of items, samples and documents

(title supplemented by HO-95-N of 28 February 2024)

1. Within the framework of tax control, officials conducting a tax inspection may — in the presence of the respective officials representing the taxpayer and without hindering the normal course of activities of the taxpayer — withdraw copies of necessary documents related to the tax control and items (copy of the documents, video recordings in a tangible media containing information, which has relevance to the given tax inspection), samples and, in cases prescribed by part 3 of this Article, also original copies of documents, the withdrawal of which shall not hinder the ordinary course of activity of the taxpayer and which shall be returned to the taxpayer upon reviewing the request, but not later than three years after withdrawal of documents.

1.1. The officials exercising tax control shall offer the relevant official of the taxpayer to submit the items, documents related to tax control provided for by part 1 of this Article or duplicates thereof, and where the relevant official of the taxpayer refuses to provide or fails to provide them within the reasonable time limit offered in writing by the official exercising tax control, as well as in cases prescribed by part 3 of this Article, they shall be authorised to solely conduct a seizure of items and documents related to tax control in accordance with the procedure established by the Government.

1.2. The seizure shall be conducted based on the reasoned written decision of the official exercising tax control.

1.3. The seizure of items and documents shall be conducted with the participation of persons, from whom the seizure is conducted. If necessary, an expert may be involved in the seizure process. The seizure process shall be video recorded by use of technical means included in the list approved by the head of the tax authority, except for cases of malfunction and impossibility to use the

technical means, about which the officials exercising tax control shall draw up a relevant protocol. The video recording or the protocol on impossibility to make a video recording shall be attached to the protocol prescribed by part 2 of this Article. The examination of digital data contained in the seized electronic devices or carriers shall be conducted solely based on the court decision.

1.4. The official exercising tax control prior to seizure shall be obliged to acquaint the person, from whom the seizure is conducted, with the decision and to hand the copy of the decision to him or her. He or she shall be required to affix his or her signature to that effect. A note shall be made in case of refusal to sign.

1.5. When conducting seizure, the official exercising tax control shall have the right to mandatorily open closed office, commercial, industrial, storage, archive premises and other premises and facilities used by the taxpayer to carry out his or her activities, if the taxpayer (head of the executive body) or the official substituting him or her or the relevant official of the taxpayer refuses to open them, whereon an indication shall be made in the protocol.

2. A protocol on withdrawal or seizure of items, samples and documents, in the form prescribed by the tax authority, shall be drawn up, indicating the names, quantity and — where possible — the cost value of the withdrawn or seized items, samples and documents. The protocol shall be signed by the official exercising tax control and the taxpayer (head of the executive body) or the official substituting him or her or the relevant official representing the taxpayer. The copy of the protocol on withdrawal or seizure of items, samples and documents shall, with a signature, be delivered to the taxpayer (head of the executive body) or the official substituting him or her or the relevant official of the taxpayer.

3. In cases where the copies of the withdrawn documents are not sufficient for the implementation of tax control measures or where the officials exercising tax control have sufficient grounds to suspect that the taxpayer has the intention to destroy, hide, modify or replace the original copies of the documents, the official exercising tax control shall be entitled to seize the original copies of the documents as prescribed by this Article. When seizing the original copies of the documents, copies thereof shall be made which shall be certified by the signature of the official exercising tax control and be forwarded to the taxpayer (head of the executive body) or the official substituting him or her or the relevant official representing the taxpayer.

(Article 353 amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, supplemented, amended by HO-95-N of 28 February 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 354. Scrutiny

1. Within the framework of tax control, the official exercising tax control shall — for the purpose of revealing circumstances relevant to the tax control — be entitled to carry out a scrutiny of the taxpayer’s premises, buildings, vehicles, documents, and items. Where necessary, photo and video materials may be produced — by submitting a written notification to the taxpayer thereon in advance — and copies of documents may be made during the scrutiny.

(Article 354 supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 355. Forwarding for expert examination

1. During tax control, for the purpose of receiving clarifications on issues relevant to the tax control, an expert examination shall be commissioned upon the decision of the head of the tax authority.

2. Following an expert examination, the expert shall deliver an opinion. The questions posed to an expert and his or her opinion may not fall beyond the scope of expertise of the expert.

3. An expert shall be entitled to become acquainted with the materials related to the subject-matter of the expert examination, file motions to be furnished with additional materials. An expert may refuse to deliver an opinion where the provided materials are not sufficient or he or she does not have sufficient knowledge in order to conduct the expert examination.

4. In cases provided in the procedure established by the Government, the official exercising tax control shall inform the taxpayer (head of the executive body) or the official substituting him or her of commissioning an expert examination (including the rights prescribed by part 5 of this Article) and a protocol with regard to this shall be drawn up in the form prescribed by the tax authority.

5. Where an expert examination is commissioned and conducted, the taxpayer (head of the executive body) or the official substituting him or her shall be entitled to:

(1) be present at the expert examination and give explanations to the expert;

(2) pose additional questions in order to receive the expert’s opinion with regard thereto;

(3) challenge the expert and request that the persons proposed by him or her be appointed as experts;

(4) become acquainted with the expert opinion.

6. An expert shall submit an opinion in writing and in his or her name. An expert opinion shall describe the research conducted by him or her, the resulting conclusions, and provide grounded answers to the posed questions. Where during an expert examination the expert detects items which are relevant to the case and with regard to which no questions have been posed, he or she shall be entitled to include conclusions with regard thereto in the opinion.

7. An expert opinion or a statement of information on the impossibility of delivering an opinion by the expert shall be submitted to the person exercising tax control who shall be entitled to give explanations and raise objections, as well as pose new questions to the expert and request an additional or a double expert examination.

8. An additional expert examination — which may be commissioned to the same or another expert — shall be commissioned where the opinion is not sufficiently clear or is incomplete.

9. A double expert examination — which shall be commissioned to another expert — shall be commissioned where the expert opinion is ungrounded or there are doubts as regards the accuracy of the opinion.

10. The procedure for commissioning, conducting expert examinations and remuneration of experts in accordance with this Article shall be prescribed by the Government.

(Article 355 amended by HO-261-N of 23 March 2018)

Article 356. Engaging a specialist

1. During the tax control, the tax authority may engage a specialist.

2. A specialist shall be a person not interested in the results of the tax control who shall be engaged by the tax authority on its own initiative or on the motion of the taxpayer (head of the executive body) or the official substituting him or her for the purpose of assisting in the implementation of tax control measures by putting his or her professional skills and knowledge in the sectors of science, technology, art or craft to use.

3. A specialist must have sufficient professional skills, knowledge and submit a specialist’s written opinion which, however, shall not substitute the expert opinion.

4. The procedure for engagement and remuneration of specialists shall be prescribed by the Government.

(Article 356 amended by HO-261-N of 23 March 2018)

Article 357. Engaging a translator

1. The tax authority may engage a translator to participate in the process of tax control.

2. A translator shall be a person not interested in the process of tax control who has a command of the language required for the translation.

3. A translator shall be notified of his or her obligations and the liability for providing a false translation and this shall be mentioned in the protocol drawn up in the form prescribed by the tax authority and certified by the signature of the translator.

4. The procedure for engagement and remuneration of a translator shall be prescribed by the Government.

(Article 357 amended by HO-261-N of 23 March 2018)

Article 358. Lead-sealing

1. Within the framework of tax control, the official exercising tax control may, where necessary, lead-seal the office, commercial, production, storage premises, buildings, cash registers of the taxpayer.

2. Lead-sealing prescribed by this Article shall be carried out in the manner prescribed by the Government.

(Article 358 amended by HO-261-N of 23 March 2018)

Article 358.1. Application of electronic devices providing tracking of goods

(Article repealed by HO-245-N of 26 May 2021)

Article 358.2. Traceability of goods imported into the territory of the Republic of Armenia

1. Goods subject to tracking, imported into the territory of the Republic of Armenia shall be tracked in accordance with the Agreement ԵOn the mechanism for traceability of goods imported into the customs territory of the Eurasian Economic Union” signed on 29 May 2019 (hereinafter in this Article referred to as ԵAgreement”).

2. The Government shall define the circumstances in case of emergence whereof goods imported into the territory of the Republic of Armenia not placed under the customs procedure ԵInward release”, which have been seized or have otherwise become the state property and/or confiscated by a court decision to cover the customs duties, taxes, special, anti-dumping, countervailing duties, as well as goods taken into custody by customs bodies and not claimed by persons with respective authority to claim them within prescribed time limits in accordance with Chapter 51 of the Customs Code of the Eurasian Economic Union, shall be subject to tracking.

3. Pursuant to the Agreement the authorised body ensuring the coordination of implementation of tracking mechanism, ensuring collection, registration, storage and processing of information integrated into the national tracking system and/or ensuring the implementation of the tracking mechanism, shall be defined by the Government.

4. In the cases prescribed by part 2 of Article 11 of the Agreement, the procedure for informing persons on failure of information systems shall be defined by the Government.

(Article 358.2 supplemented by HO-245-N of 26 May 2021)

Article 359. Compensation for damages caused to taxpayers as a result of unlawful actions of officials exercising tax control

1. Damages caused to taxpayers as a result of illegal actions of the officials exercising tax control shall be subject to compensation as prescribed by law within the time limit prescribed by the Law of the Republic of Armenia ԵOn budget system of the Republic of Armenia”.

CHAPTER 73

TRANSFER PRICING REGULATIONS

Article 360. General provisions on transfer pricing

1. Provisions of this Chapter shall define the concept of transfer pricing, transfer pricing methods, comparability factors, documentation procedures, sources of information on uncontrolled and controlled transactions, as well as regulate other procedures pertaining to transfer pricing.

2. When exercising the tax control prescribed by this Chapter, the tax authority shall establish the compliance of controlled transactions with the arm’s length principle, as well as the integrity of calculation and payment of the following tax and fee, generated as a result of conducting controlled transactions:

(1) profit tax;

(2) natural resources utilisation fee (royalty).

3. The provisions of this Chapter shall not apply to:

(1) transactions conducted with public administration and/or local self-government bodies of the Republic of Armenia;

(2) transactions conducted with the Central bank of the Republic of Armenia;

(3) transactions conducted at tariffs defined by the Public Services Regulatory Commission of the Republic of Armenia;

(4) transactions for which peculiarities for determining the tax base are prescribed by ratified International treaties.

(Article 360 edited by HO-86-N of 23 March 2022)

(Law HO-86-N of 23 March 2022 has a final part and transitional provisions)

Article 361. Used concepts

1. The main concepts used in this Chapter shall have the following meanings:

(1) **equity securities** — securities prescribed by point 6 of Article 3 of the Law of the Republic of Armenia ԵOn securities market";

(2) **financial indicator** — in particular, price, mark-up, gross, operating or net profit margin indicator which shall be analysed when applying the transfer pricing methods;

(3) **transfer pricing** — a procedure for determination of financial indicators prescribed by point 2 of part 1 of this Article in controlled transactions;

(4) **arm's length range** — a set of determined financial indicators;

(5) **country (geographical area) having specific liberal tax systems** — a country or a geographical area) where:

a. 10 per cent or lower rate of profit tax (other similar tax) or exemption from profit tax is applied;

b. the resident is, in accordance with the legislation of that country or geographical area, exempt from profit tax or pays profit tax (other similar tax) at 10 per cent or lower rate. In the case stated in this sub-point the country or geographical area shall be deemed to be the country or geographical area having specific liberal tax system only with respect to persons indicated in this sub-point.

(6) **arm's length principle** — a principle of assessment of transactions on supply of goods, alienation of intangible assets, granting (receipt) of the right of use of intangible assets, provision (receipt) of a loan, assignment (transfer) of a right to pecuniary claim, alienation (purchase) of financial asset, performance of works and/or provisions of services, according to which the financial indicators prescribed by point 2 of part 1 of this Article applied in controlled transactions shall not be different from the financial indicators applied in comparable uncontrolled transactions prescribed by point 9 of part 1 of this Article;

(7) **tested party** — a party to the controlled transaction for which a financial indicator is tested when applying the resale price, cost plus and transactional net margin methods;

(8) **foreign tested party** — a tested party which is not considered as a resident organisation or a natural person or a permanent establishment;

(9) **comparable uncontrolled transaction** — an uncontrolled transaction prescribed by part 4 of Article 363 of the Code which is comparable with the controlled transaction;

(10) **comparability adjustment** — adjustment of the relevant financial indicator in accordance with part 1 of Article 365 and Article 366 of the Code;

(11) **internal uncontrolled transaction** — a transaction carried out between a party to a controlled transaction and taxpayer not considered as related;

(12) **external uncontrolled transaction** — a transaction carried out between taxpayers not considered as related, none of the parties to which is considered as a party to a controlled transaction;

(13) **person** — a natural person, a legal person, as well as a trust or an incorporation having no status of a legal entity under the legislation of a foreign country;

(14) **multinational organisation** — an organisation, members organisations and/or incorporations thereof having no status of a legal entity under the legislation of a foreign country, which operate in at least one country other than the country of registration or the country of residence of the organisation;

15) **calculation of midpoint** — choosing one indicator from the set of financial indicators, for calculation whereof all financial indicators are placed incrementally, and

a. in cases where the set of financial indicators consists of odd number of financial indicators, the midpoint shall be the middle financial indicator in the set of indicators;

b. in cases where the set of financial indicators consists of even number of financial indicators, the midpoint shall be the arithmetic mean of two middle financial indicators.

(Article 361 edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, amended, edited, supplemented by HO-86-N of 23 March 2022).

Article 362. Related persons

(title edited by HO-86-N of 23 March 2022)

1. Within the meaning of this Chapter, two and more persons shall be considered as related

where:

(1) one of the persons is directly or indirectly involved in the management, supervision of the other person or has a participation (stock, share, unit) in the authorised or share capital of the other person;

(2) the same person is directly or indirectly involved in the management, supervision of two or more persons or has a participation (stock, share, unit) in the authorised or share capital thereof.

2. Within the meaning of part 1 of this Article, a person is directly or indirectly involved in the management, supervision of the other person or has a participation (stock, share, unit) in the authorised or share capital of the other person where:

(1) 20 and more percent of the stocks, share, units of the authorised or share capital of the other person directly or indirectly belongs to the person;

(2) the person practically controls the business decisions of the other person.

3. Within the meaning of point 2 of part 2 of this Article, a person shall be considered as practically controlling the business decisions of the other person irrespective of participation in the authorised or share capital of that person where any of the following conditions is met:

(1) the person directly or indirectly owns or controls 20 and more percent of the voting equity securities of the other person;

(2) the person directly or indirectly controls the process of formation (election) of the executive board or the board of directors of the other person;

(3) the sum total of the loans provided and/or secured by the person to the other person as of any day of the given tax year exceeds 51 percent of the book value of the total assets of the recipient as of 1 January of the given tax year; moreover, the 51 per cent also includes the amounts of loans received and/or secured until 1 January 2020;

(4) more than 80 percent of the entrepreneurial income of the taxpayer during a given tax year was derived from the transactions on supply of goods to, performance of works for and/or provision of services to the other person, except for incomes and interests drawn from transactions on lease and/or gratuitous use of property, alienation of intangible assets;

(5) more than 80 percent of the entrepreneurial expenditures of the taxpayer during a given tax year was received from transactions on acquisition of goods, acceptance of works and/or services from the other person, except for the expenditures arising from transactions on lease and/or gratuitous use of property, acquisition of intangible assets and interest payment;

(6) the persons have concluded a contract on joint activity under which the taxpayer has invested more than 50 percent of his or her assets in the joint activity;

(7) the persons have concluded a contract on gratuitous use of property under which the person (borrower) uses the property of the other person (lender) by the right of gratuitous use for a period of more than one year and the book value of said property exceeds 51 percent of the book value of the gross assets of the borrower as of 1 January of the given tax year;

(8) the natural person exercises actual (de facto) control over the legal person or is the official who carries out the overall or regular management of the legal person.

(Article 362 amended by HO-321-N of 18 June 2020, edited by HO-86-N of 23 March 2022)

(Law HO-321-N of 18 June 2020 has a transitional provision)

Article 363. Controlled transactions

(title edited by HO-86-N of 23 March 2022)

1. Within the meaning of this Chapter, a transaction on supply of goods, alienation of intangible assets, granting (receipt) of the right of use of intangible assets, provision (receipt) of a loan, assignment (transfer) of a right to pecuniary claim, alienation (purchase) of financial asset, performance of works and/or provision of services (hereinafter referred to as ԵTransaction”) shall be considered as controlled where it is carried out between a resident and non resident person considered as related.

2. A transaction carried out between resident and non-resident persons considered as related shall be considered as controlled where:

(1) one of the parties to the Transaction is considered as a royalty payer in accordance with part 2 of Article 198 of the Code;

(2) one of the parties to the Transaction enjoys tax benefits prescribed by the Code with regard to profit tax, and/or royalty.

3. The transaction carried out between a taxpayer and a person registered in a country (geographical area) having specific liberal tax systems shall be considered as controlled, whether or not the taxpayer and that person are related persons.

4. Within the meaning of this Chapter, the distribution of expenses and making of transactions between the non-resident profit taxpayer carrying out activities in the Republic of Armenia through permanent establishment and that non resident person shall be considered as controlled.

5. Within the meaning of this Chapter, conducting financial transactions and operations defined by sub-points Ƀd”- Ƀo” of point 47 of part 2 of Article 64 of the Code, as well as opening, handling and serving of bank and other accounts, including provision of payment and settlement services shall be considered as non-controlled, where they are rendered by banks, professional participants in the securities markets, payment and settlement and credit organisations.

6. Pursuant to the provisions of this Article, transfer pricing regulations prescribed by this Chapter with regard to transactions considered as controlled shall be applicable where the sum total of all the controlled transactions carried out by a given taxpayer during a given tax year exceeds AMD 200 million (without VAT, excise tax and environmental tax).

(Article 363 edited by HO-266-N of 21 December 2017, HO-86-N of 23 March 2022)

(Law HO-86-N of 23 March 2022 has a final part and transitional provisions)

Article 364. Arm’s length principle

1. In case of carrying out a controlled transaction, the taxpayer’s tax base for profit tax and/or tax base for royalty shall be determined based on the prices or other financial indicators determined under the arm’s length principle.

2. The tax base for profit tax and/or the tax base for royalty for a taxpayer involved in one or more controlled transactions shall be considered as corresponding to the prices or other financial indicators determined under the arm’s length principle where the conditions of these transactions are not different from the conditions which would be applicable in comparable uncontrolled transactions.

3. If a condition contradicting the arm’s length principle arises in a controlled transaction, then:

(1) any additional amount of the tax base for profit tax or any deduction of tax losses (hereinafter referred to in this Chapter as Ƀprofit tax base”) which could have formed with the taxpayer had the conditions of a given controlled transaction been in conformity with the arm’s length principle, but was not, due to non-conformity of the conditions of the controlled transaction with the arm’s length principle, shall be included in the taxpayer’s tax base for profit tax;

(2) any additional amount of the royalty base which could have formed with a taxpayer had the conditions of a given controlled transaction been in conformity with the arm’s length principle, but was not due to non-conformity of the conditions of the controlled transaction with the arm’s length principle, shall be included in the royalty base of the taxpayer by the tax authority.

Due to non-compliance with the arm’s length principle, as a result of adjustment of the profit tax base or royalty tax base by the taxpayer and/or tax authority no recalculation of tax liabilities (including with respect to advance payments) of the taxpayer for any reporting period shall be made.

In case of non-compliance of the controlled transaction made between the natural resources utilisation fee (royalty) payer and other resident taxpayer with the arm’s length principle only the royalty calculation of the natural resources utilisation fee (royalty) payer shall be adjusted.

1. The conditions of the transaction shall, in particular, include the financial indicator which shall be tested when applying the relevant transfer pricing method.

(Article 364 edited, amended by HO-86-N of 23 March 2022)

(Law HO-86-N of 23 March 2022 has a final part and transitional provisions)

Article 365. Comparability of transactions

1. An uncontrolled transaction is comparable with a controllable transaction where:

(1) there are no significant differences as regards comparability factors prescribed by part 2 of this Article between these transactions which could significantly influence the financial indicators subject to examination under the relevant transfer pricing method, or

(2) differences mentioned in point 1 of this part are present and the relevant financial indicator of the uncontrolled transaction has been adjusted for the purpose of eliminating any influence said differences might have had on the comparability.

2. For the purpose of establishing the comparability of two or more transactions, the following factors shall be taken into account insofar as they economically concern the facts and circumstances of the transactions:

(1) characteristics of the object of transaction, in particular:

a. in the case of goods, it may include the physical properties, quality, reliability, supply accessibility (availability in the market) and volume of supply;

b. in the case of works and services, it may include the nature and volume of the work or the service, the applied technical expertise and skills, involvement of intangible assets;

c. in the case of financial transactions, it may include the duration of the transaction, the date of extension and termination of loans, the principal amount, the currency, guarantees, the solvency of the borrower, the interest rate;

d. in the case of intangible assets, it may include the type of the transaction (licensing or sale), the type of the intangible asset (patent, trademark or know-how), duration, degree of protection, anticipated benefits;

(2) functions performed, assets used and risks assumed by the parties to the transaction, in particular:

a. functions, in particular, design, production, installation, research and development, servicing, assembling, purchasing, management, testing and quality control, sales, marketing, advertising, warehousing, retail and/or wholesaling or domestic consumption, transportation, financing, management, warranty service, insurance;

b. assets, in particular, used production equipment, intangible assets, financial assets; the age, market value, location of the used assets shall also be taken into account;

c. risks, in particular, production risks, market risks, risks related to investment loss, risks related to success or failure in the sector of research and development, financial risks related to currency exchange rate fluctuations, inventory risks, environmental risks, credit risks;

(3) contractual conditions of transactions, in particular, the transaction volumes, the method and time-limits of compensation, the scope and conditions of the provided warranties, the existence and validity of relevant licences, contracts or other agreements;

(4) economic circumstances in which the transactions have been carried out, in particular, the similarity of geographic markets, the size of each market and the level of its economic development, the market level (retail or wholesale), production and sales expenses conditioned by the location, level of competition in the corresponding goods or services markets, economic situation of the production sector in question, level of development of production and transport infrastructures, level of state intervention in pricing procedures, absence of purchasing power of the consumer, other circumstances which can influence the conditions of the transaction;

(5) business strategies adopted by related taxpayers as regards transactions, in particular, strategies pertaining to expanding into new markets, diversification (differentiation) of fields of activities, introduction of innovations, risk prevention, political changes.

Article 366. Comparability adjustments

1. The adjustment prescribed by point 2 of part 1 of Article 365 of the Code shall be prescribed only where it is expected that it will enhance the reliability of financial indicators of uncontrolled transactions, having regard to the following factors:

(1) materiality of the differences for which a comparability adjustment is prescribed;

(2) quality of the information that is expected to serve as a basis for carrying out a comparability adjustment;

(3) the purpose of the comparability adjustment;

(4) reliability of the approach adopted for carrying out a comparability adjustment.

2. A comparability adjustment may include, in particular, the following:

(1) adjustments aimed at the elimination of differences between controlled and uncontrolled transactions which have arisen as a result of application of different accounting policies;

(2) adjustments aimed at the elimination of differences conditioned by the circulated capital, performed functions, used assets and assumed risks;

(3) adjustments aimed at the elimination of the differences conditioned by different geographic markets.

(Article 366 amended by HO-86-N of 23 March 2022)

Article 367. Sources of information on uncontrolled transactions

1. Sources of information on uncontrolled transactions may include the internal and external uncontrolled transactions, as well as other sources of information prescribed by part 3 of this Article.

2. Where both internal and external uncontrolled transactions may be used as sources of information on an uncontrolled transaction in an equally reliable manner, the internal uncontrolled transactions shall be used as a source of information.

3. The following, in particular, may be used as other sources of information on uncontrolled transactions:

(1) information submitted to the tax authority as prescribed by the legal acts regulating tax relations;

(2) financial and other information available in the prominent International commercial databases, applicable for the purpose of carrying out comparative analysis of transfer pricing and specified by the tax authority;

(3) published customs statistics on foreign trade;

(4) information published in official sources of information of state administration bodies, local self-government bodies;

(5) physical volumes of production and turnover, as well as actual sales prices (including average sales prices) of mineral resources and mineral resource products and goods included in the list prescribed by the Government;

(6) information published by the National Statistical Service of the Republic of Armenia;

(7) value of immovable property determined as prescribed by law;

(8) financial reports and/or reports on transfer pricing policies posted on the official websites of organisations;

(9) information published on precious metal and/or securities exchanges.

4. ***(part repealed by HO-86-N of 23 March 2022)***

5. In the case of absence of information on uncontrolled transactions with the participation of resident taxpayers, the use of foreign comparables shall be acceptable where they are comparable with the controlled transaction.

(Article 367 amended by HO-261-N of 23 March 2018, amended, edited, supplemented by HO-86-N of 23 March 2022).

Article 368. Transfer pricing methods

1. Transfer pricing methods include:

(1) comparable uncontrolled price method where the price of the object of a controlled transaction is compared with the price of the object of a comparable uncontrolled transaction;

(2) resale price method where the mark-up derived from the resale of the object of a controlled transaction is compared with the mark-up derived from the resale of the object of a comparable uncontrolled transaction;

(3) cost plus method where the mark-up on the direct and indirect costs incurred during the supply of the object of a controlled transaction is compared with the mark-up on the direct and indirect costs incurred during the supply of the object of a comparable uncontrolled transaction;

(4) transactional net margin method where the net profit realised from a controlled transaction relative to an appropriate base, in particular, costs, sales, assets, is compared with the net profit realised from a comparable uncontrolled transaction relative to the same base;

(5) profit split method where each of the related taxpayers participating in a controlled transaction receives the share of the profit generated or loss incurred from the transaction in question which a person not considered as related would anticipate when participating in a comparable uncontrolled transaction. Within the meaning of this point, the profit generated from the transaction shall mean the positive difference between the income generated and the costs incurred within the scope of the transaction in question.

2. When applying transfer pricing methods, the following special aspects shall be considered:

(1) the comparable uncontrolled price method prescribed by point 1 of part 1 of this Article may be applied, in particular, where the controlled transaction implies supply of goods, alienation of an intangible asset or is a financial transaction;

(2) the resale price method prescribed by point 2 of part 1 of this Article may be applied, in particular, where the reseller has not had any material value added to the resalable goods during the resale of goods purchased under the controlled transaction;

(3) the cost plus method prescribed by point 3 of part 1 of this Article may be applied, in particular, where the supplier has not used valuable tangible assets or assumed material risks with regard to the goods supplied or the service provided under the controlled transaction;

(4) when applying the transactional net margin method prescribed by point 4 of part 1 of this

Article, the financial indicator most appropriate for the characteristics of the controlled transaction must be calculated, in particular:

a. the net profit margin shall be calculated in relation to costs where, in particular, where the controlled transaction implies production or provision of a service;

b. the net profit margin shall be calculated in relation to sales, in particular, where the controlled transaction implies supply of goods;

c. the net profit margin shall be calculated in relation to assets, in particular, where the controlled transaction implies involvement of a large amount of assets.

When applying the transactional net margin method, only incomes and expenses pertaining to controlled transactions shall be considered, excluding incomes and expenses not related to controlled transactions;

(5) the profit split method prescribed by point 5 of part 1 of this Article may be applied, in particular, where the controlled transactions are highly integrated and they cannot be analysed separately and/or both parties to the controlled transaction have used valuable intangible assets for the performance of the transaction.

When applying the profit split method, it is important to establish the combined profits which have been generated within the framework of the controlled transactions, in particular:

a. the combined profits can in some cases be the total profit generated as a result of the performance of controlled transactions, or

b. the remaining part of the total profit which cannot be attributed to any of the parties to the controlled transaction on any reasonable basis.

3. The conformity of the conditions of a controlled transaction with the arm’s length principle shall be determined by applying the transfer pricing method most appropriate for the given circumstances. The most appropriate transfer pricing method shall be chosen from the transfer pricing methods prescribed by part 1 of this Article, having regard to the following criteria:

(1) strengths and weaknesses of the relevant transfer pricing method;

(2) appropriateness of the method, having regard to the characteristics of the controlled transaction;

(3) availability of reliable information required for the application of the relevant transfer pricing method;

(4) degree of comparability of the controlled and uncontrolled transactions, including the reliability of the comparability adjustment carried out in accordance with point 2 of part 1 of Article 365 of the Code.

4. In accordance with the criteria prescribed by part 3 of this Article, in case it is possible to apply the comparable uncontrolled price method and the transfer pricing methods in an equally reliable manner, the comparable uncontrolled price method shall be applied when determining the conformity with the arm’s length principle.

5. Application of more than one transfer pricing method by the taxpayer is not mandatory for determining the conformity of the controlled transaction with the arm’s length principle.

6. Where, in accordance with provisions of this Article, a taxpayer has applied a transfer pricing method prescribed by this Article for the purpose of determining the conformity of the controlled transaction with the arm’s length principle, the tax authority, when determining the conformity of the controlled transaction with the arm’s length principle, shall take as a basis the same method.

7. The peculiarities and the procedure for application of transfer pricing methods referred to in this Article shall be established by the Government.

(Article 368 amended by HO-261-N of 23 March 2018, amended, edited by HO-86-N of 23 March 2022)

Article 369. Selection of the tested party

1. A tested party shall be selected when applying one of the transfer pricing methods referred to in points 2-4 of part 2 of Article 368 of the Code.

2. The selection of the tested party shall be consistent with the operational analysis of the controlled transaction. The party to the controlled transaction which performs simpler functions and/or with regard to which more reliable comparable uncontrolled transactions may be identified must be selected as the tested party.

3. The selection of the foreign tested party shall be acceptable where the applied transfer pricing method is in conformity with the provisions of Article 368 of the Code and the tested party has been selected in accordance with the provisions of this Article.

Article 370. Assessment of multiple year data

1. Information used when assessing the conformity of an uncontrolled transaction with a controlled transaction must pertain to the tax year during which the controlled transaction was carried out, except for cases where:

(1) information pertaining to the tax year of performance of the controlled transaction is not available at the time of assessing the comparability of the uncontrolled transaction with the controlled transaction. In this case, the information of the previous tax year may be used, provided that it complies with the comparability requirements;

(2) data pertaining to no more than 3 years preceding the performance of the controlled transaction reveal facts which may have an influence on determining the comparability of the transactions being compared.

(Article 370 amended by HO-86-N of 23 March 2022)

Article 371. Arm's length range

1. The arm's length range is the set of the relevant financial indicators which is formed when applying the most appropriate transfer pricing method for comparable uncontrolled transactions.

2. Where the financial indicator obtained by applying the most appropriate transfer pricing method for a controlled transaction or a combined controlled transaction is beyond the arm's length range, the tax authority may adjust it up to the midpoint in accordance with part 3 of Article 364 of the Code; moreover, the tax authority shall bear the burden of proof of the accuracy of adjustment.

3. Where the taxpayer opposes the suggestion of the tax authority to adjust the financial indicator falling beyond the arm's length range up to the midpoint, the burden of proof of adjustment of application of the financial indicator other than the midpoint shall lie with the taxpayer.

4. The rules of calculation of the arm's length range shall be prescribed by the Government.

(Article 371 amended by HO-261-N of 23 March 2018, edited by HO-86-N of 23 March 2022).

Article 372. Assessment of combined controlled transactions of a taxpayer

1. If a taxpayer carries out two or more controlled transactions in the same or similar circumstances which are closely tied economically or constitute continuation of each other in a way that they cannot be reliably analysed separately, then these controlled transactions may be combined for the purpose of carrying out the comparability analysis and applying the most appropriate transfer pricing method.

(Article 372 amended by HO-86-N of 23 March 2022)

Article 373. Recognition of the actual transactions undertaken

1. In the case where the content of controlled transaction having actually taken place differs from the content of transaction provided for by the contract, the checking by the tax authority of the compliance of the controlled transaction with the arm's length principle shall be based on the transaction having actually taken place, taking into account the factors defined by part 2 of Article 365 of the Code.

(Article 373 edited by HO-86-N of 23 March 2022)

Article 374. Adjustments made by taxpayers

(title edited by HO-86-N of 23 March 2022)

1. In case of carrying out transactions not in conformity with arm's length principle, the taxpayer may independently recalculate the tax base for profit tax and/or the tax base for royalty and submit transfer pricing tax calculation reports (including adjusted) to the tax authority as prescribed by Article 54 of the Code, if in case of conformity with arm's length principle an additional tax base for profit tax and/or an additional royalty tax base could be formed.

2. In case of non-conformity of controlled transactions of the taxpayer with the arm's length principle revealed as a result of study by the tax authority of the documents prescribed by Article 376 of the Code, the additional information required by the tax authority and submitted by the

taxpayer and the interview conducted with the taxpayer upon request of the tax authority, the tax authority may offer the taxpayer to adjust the financial indicator of the controlled transaction up to the midpoint, adjust the tax base for profit tax and/or royalty base and submit to the tax authority transfer pricing tax calculation reports (including verified).

3. Pursuant to part 1 of this Article, no penalties shall be applied for amounts of the tax and fees calculated on the basis of adjustments made by the taxpayer independently.

4. Pursuant to part 2 of this Article, penalties for the amounts of taxes and fees additionally generated as a result of submission of transfer pricing calculation report (including adjusted) on the basis of outcomes of the study carried out by the tax authority and relevant proposals shall be calculated from the day following the day of submission by the tax authority of the proposal on adjusting the financial indicator of the controlled transaction of the taxpayer up to the midpoint.

5. Penalties for the amounts of taxes and fees generated on the basis of transfer pricing inspection results shall be calculated from the day prescribed by the law for submission of tax calculation report for the reporting period in which the transaction leading to generation of those amounts occurred.

6. The form, procedure for filling in and submission of the transfer pricing calculation report (including verified) shall be established by the tax authority.

(Article 374 edited by HO-86-N of 23 March 2022)

Article 375. Notification of controlled transactions

1. Where the sum total of all the controlled transactions of a taxpayer, except for controlled transactions prescribed by part 4 of Article 363 of the Code during a tax year exceeds the threshold of AMD 200 million (without VAT, excise tax and environmental tax), the taxpayer shall be obliged to submit to the tax authority a notification of the controlled transactions.

2. The notification form and the procedure for filling in the form shall be prescribed by the tax authority.

3. Taxpayers shall fill in and submit the notification of the controlled transactions to the tax authority by 20 April, inclusive, of the tax year following each tax year. In case the taxpayer independently detects errors in the notification on controlled transactions submitted to the tax authority, verified notifications may be submitted prior to the day of receipt of the written notification on submission of transfer pricing documentation to the tax authority.

Notification on controlled transactions specified by part 2 of Article 363 of the Code shall be submitted by both parties to the transaction.

4. In case the tax authority detects an error or finds that the number of transactions filled in the notification on controlled transactions is lower than envisaged, the latter shall, within 10 working days, notify the taxpayer thereof. The taxpayer may, within 30 working days following the receipt of the notification, submit verified notification or objections to detected offences.

(Article 375 edited, supplemented by HO-86-N of 23 March 2022)

Article 376. Transfer pricing documentation

1. Transfer pricing documentation shall mean the information substantiating the conformity of the controlled transactions of a taxpayer with the arm’s length principle.

1.1. The taxpayer may submit three types of documentation: a local document, a principal document and a report exchanged between countries;

(1) all taxpayers having notified on controlled transactions shall submit a local document, which shall particularly include the following information:

a. detailed description of business functions of the taxpayer, including analysis of the impact of economic factors on pricing procedures for goods, intangible assets, works and/or services;

b. description of controlled transactions, including analysis of comparability factors, as well as functions performed, assets used and risks borne by parties to controlled transaction;

c. description of transfer pricing methods applied and substantiation on the chosen method;

d. the list of parties to controlled transactions, including information on the party’s residency for the purpose of taxation;

e. description of sources of information on comparable non-controlled transactions;

f. calculation report of the arm’s length range (if applicable);

g. financial and other necessary information on the party subject to analysis.

The content, procedure for filling in and submission of the information required under the local

document shall be established by the tax authority.

The tax authority may require a local document also from non-resident profit taxpayers carrying out activities in the Republic of Armenia through a permanent establishment;

(2) principal document, which is submitted by parent company of the multinational organisation. Within the meaning of application of this Article, parent organisation of multinational organisation shall be considered to be the organisation, which is directly or indirectly involved in the management, supervision of at least one of member organisations of the multinational organisation or has a participation (stock, share, unit) in the authorised or share capital thereof, and that participation is enough to include the financial report of the given organisation in its consolidated financial report.

The principal document particularly includes the following information:

a. structure of the multinational organisation;

b. description of the activity of multinational organisation;

c. description of the intangible assets of the multinational organisation;

d. financial operations conducted with the establishment without a status of legal person according to the legislation of the country of residence of member organisations to the multinational organisation or foreign organisation;

e. financial reports of multinational organisation, general information on global income distribution and economic activity. The content, procedure for filling in and submission of the information required under the principal document shall be established by the tax authority;

(3) the parent organisation of the multinational organisation shall provide a report exchanged between the countries, if the gross revenue of that organisation exceeds by the results of the previous tax year EUR 750 million. The report exchanged between the countries shall particularly include the following information:

a. global distribution of revenues of multinational organisation, according to countries;

b. taxes paid by multinational organisation, according to countries;

c. information on economic activity of the multinational organisation, according to countries;

d. information on assets, according to countries.

The form and procedure for filling in of the report shall be established by the tax authority.

2. The information prescribed by main and local documents provided for by this Article shall be submitted by the taxpayer to the tax authority within 30 working days following the date of receipt of the written notification sent by the latter. The tax authority may require other additional information, which shall be submitted by the taxpayer to the tax authority within 10 working days following the date of receipt of the written notification sent by the latter. The tax authority may also require conduction of an interview with a taxpayer and/or representatives thereof, on which the taxpayer shall submit information on the venue, time of conducting an interview and its participants within 5 working days following the date of receipt of the written notification sent.

The taxpayer shall submit the information provided for by this Article and defined by a statement shared with the countries within a twelve-month period immediately after the end of each tax year.

3. A taxpayer shall submit the documents prescribed by part 1 of this Article to the tax authority in paper or electronic form in Armenian, English or Russian, provided that documents in English or Russian are translated into Armenian at the request of the tax authority and be submitted to the tax authority within ten working days upon receipt of a written notification of such request.

(Article 376 edited by HO-86-N of 23 March 2022)

Article 377. Mutual agreement procedure

(title edited by HO-86-N of 23 March 2022)

1. Mutual agreement procedure shall be the process of resolution of disputes on tax issues between the tax authorities during application of the provisions of international treaties on prevention of double taxation concluded on behalf of the Republic of Armenia or the Government.

2. The mutual agreement procedure may be initiated by the tax authority of the Republic of Armenia or foreign tax authority, in case an effective treaty on preventing double taxation is in place between the countries.

3.

3. The procedure and time limits for resolving disputes on tax issues through the mutual agreement procedure shall be established by the Government.

(Article 377 amended by HO-261-N of 23 March 2018, edited by HO-86-N of 23 March 2022)

Article 378. Advanced pricing agreement

(title edited by HO-86-N of 23 March 2022)

1. Within the meaning of application of this Chapter, the taxpayer may apply to the tax authority with respect to transactions made with the non-resident affiliated party (parties) to obtain an advanced pricing agreement.

2. The procedure and conditions for obtaining the advanced pricing agreement shall be established by the tax authority.

(Article 378 amended by HO-261-N of 23 March 2018, edited by HO-86-N of 23 March 2022)

CHAPTER 74

USE OF CASH REGISTER MACHINES AND CASH-DESK OPERATIONS

Article 379. Use of cash register machines, limitations on making and accepting payments in cash

1. Organisations, individual entrepreneurs and notaries shall be obliged to use cash register machines, unless otherwise prescribed by Article 380 of the Code. The provisions of this part shall not extend to diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto, the Central Bank of the Republic of Armenia, commercial banks, the branches, representative offices, operational offices (units) thereof, as well as credit organisations, insurance and reinsurance companies, persons carrying out insurance intermediaries activities, professional participants in the securities market, pawnshops, payment and settlement organisations, with respect to the types of those activities.

2. Individual entrepreneurs considered as VAT payers and organisations shall be obliged to observe the limitations on making and accepting payments in cash as prescribed by Article 386 of the Code. The provisions of this part shall not extend to diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto, the Central Bank of the Republic of Armenia, commercial banks, the branches, representative offices, operational offices (units) thereof, as well as credit organisations, organisations and individual entrepreneurs carrying out the activities of buying and selling foreign currency (with respect to the types of those activities).

2.1. ***(part repealed by HO-103-N of 12 April 2022)***

3. The provisions prescribed by part 2 of this Article shall apply, unless otherwise provided for by the Law of the Republic of Armenia ԵOn non-cash operations”.

(Article 379 supplemented by HO-338-N of 21 June 2018, amended by HO-103-N of 12 April 2022, supplemented by HO-20-N of 18 January 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-20-N of 18 January 2022 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision).

Article 380. Fields of use of cash register machines

1. In case of cash settlements (including advance payments, instalments) made in cash or via payment cards or via other payment instruments applied based on payment technologies by organisations, individual entrepreneurs and notaries, the use of cash register machines shall be mandatory when making retail sale through shopping facilities, itinerant trade points, sale outlets in trading venues, performing works for the public or providing services to the public, except for the cases prescribed by part 3 of this Article.

2. When organisations and individual entrepreneurs make a sale, perform works for the public or provide services to the public by a vehicle, the cash register machines may be used to issue in electronic format the settlement documents prescribed by points 1-4 of part 2 of Article 55 of the Code.

3. In case of cash settlements (including advance payments, instalments) made in cash or via payment cards or via other payment instruments applied based on payment technologies by organisations and individual entrepreneurs, the use of cash register machines shall not be mandatory for the following types of activities:

(1) providing utility services to the public — provided that when making cash settlements in cash or via payment cards or other payment instruments applied based on payment technologies with respect to those services, a document certifying the payment as prescribed by the legislation shall be issued to the payer;

(2) sales of lottery tickets;

(3) sales of tickets for the transportation of passengers, cargo, and for travelling by road, water, rail, air;

(4) sales of agricultural products prescribed by part 1 of Article 126 of the Code and used personal items belonging to citizens by the right of ownership on the sale outlets in trading venues;

(5) sales of agricultural products prescribed by part 1 of Article 126 of the Code done by vehicles;

(6) in case motor vehicles are equipped with taximeter — carrying out transportations by passenger taxi motor vehicles;

(7) organising casinos and games of chance;

(8) realising religious attributes and/or providing services of religious ceremonies by religious organisations registered by law;

(9) realising — in nominal value — state stamps of postal fees (postage stamps and other stamps) certifying the payment for postal services;

(10) carrying out postal and courier activities;

(11) ***(point repealed by HO-280-N of 1 June 2020)***

(12) sales of newspapers and magazines in news-stalls, if the ratio of the sales turnover of newspapers and magazines exceeds 50 percent of the entire sales turnover. The sales turnover of newspapers and magazines shall be record-registered separately.

13. providing the students and employees of institutions of general education with food during the working day of the mentioned institutions.

(Article 380 supplemented by HO-266-N of 21 December 2017, amended by HO-68-N of 25 June 2019, supplemented by HO-146-N of 19 September 2010, supplemented and amended by HO-280-N of 1 June 2020)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

(Article as amended by Law HO-269-N of 12 June 2024 shall enter into force on the day the Law ƀOn regulation of gambling activities" is put into full effect)

Article 380.1. Use of electronic cash register machines

1. An electronic cash register machine may be used within the framework of the orders received by organisations and individual entrepreneurs through a website or electronic application (e-commerce platform) for transactions of supply of goods, delivery of services or performance of works.

1.1. An electronic cash register shall be mandatory to use when organisations or individual entrepreneurs providing passenger transportation service via an electronic platform accept orders and carry out passenger transportation, as well as organisations, individual entrepreneurs or natural persons carry out passenger transportation by passenger taxi motor vehicle.

2. An electronic cash register machine shall be a software which allows to generate an electronic receipt of the electronic cash register machine for transactions for supply of goods, delivery of services or performance of works by tax payers referred to in part 1 of this Article, and for transactions for carrying out passenger transportation by tax payers prescribed by part 1.1 of this Article.

3. The electronic receipt shall be created by electronically transmitting the information prescribed in part 4 of this Article to the electronic management system of the tax authority and by electronically receiving a fiscal number from the electronic management system of the tax authority and by reflecting the information subject to compulsory printing on the electronic receipt of the electronic cash register machine.

4. The technical requirements of the electronic cash register machines, the requirements for their registration, removal from registration, for the mandatory requisites of the electronic receipt

provided thereby, as well as the requirements for the website or electronic application (e-commerce platform), the rules of use in case of carrying out passenger transportation via an electronic platform, passenger transportation by passenger taxi motor vehicle by organisations, individual entrepreneurs or natural persons shall be prescribed by the Government. Exchange of information between the electronic cash register machine and the electronic management system of the tax authority shall be carried out through a special format approved by the tax authority (description of the web service).

5. Failure to comply with the rules for the use of electronic cash register machines shall entail liability prescribed by the Code.

(Article 380.1 supplemented by HO-280-N of 1 June 2020, supplemented, edited by HO-395-N of 8 December 2023)

(Law HO-280-N of 1 June 2020 has a transitional provision)

Article 381. Rules for use of cash register machines

1. Organisations, individual entrepreneurs and notaries shall be obliged to make cash settlements in cash or via payment cards or other payment instruments applied on the basis of payment technologies by a cash register machine registered with the tax authority as prescribed by the Government and satisfying the technical requirements for cash register machines prescribed by the Government.

2. The cash register machine shall be placed on the side of shopping facilities, itinerant trade points, sale outlets in trading venue, the place of performance of work or place of provision of service, where payment is made. The printing of the product name, CN FEA code, service name and code, quantity of the product being purchased and its unit of measurement on the receipt of the cash register machine (except for the receipt with the note "advance payment"), provided for by points 8 and 9 of part 3 of this Article shall be mandatory for organisations and individual entrepreneurs carrying out retail sale or providing services to the population through itinerant trade points, as well as in cases provided for by part 8.1 of Article 56 of the Code, irrespective of the procedure and time limits prescribed by the Government.

3. When making cash settlements in cash or via payment cards or other payment instruments applied on the basis of payment technologies, the organisations, individual entrepreneurs and notaries using a cash register machine shall be obliged to issue cash register receipts to persons acquiring goods, accepting works or receiving services.

The following information (data) must be printed on the cash register receipt:

(1) receipt number (RN) — 8 digits;

(2) name of the person using the cash register machine (name and abbreviation of the legal form of the organisation, name, surname of the individual entrepreneur or notary);

(3) address of the place of use of the cash register machine, and in case of carrying out retail sale through itinerant trade points — the address of location (record-registration) of the organisation (individual entrepreneur), the make and record-registration number of the motor vehicle and/or the trailer (semi-trailer) thereof;

(4) the taxpayer identification number (TIN) of the user of cash register machine and in case when the receipt of cash register machine is provided to the representative of the organisation, individual entrepreneur or his/her representative, notary or his/her representative also the taxpayer identification number (TIN) of the organisation, individual entrepreneur or notary having acquired the goods, having accepted the works and/or having received the services;

(5) registration number of the cash register machine (RN);

(6) second, minute, hour, day, month, year of issuing the receipt, and in case of using an external (commercial) programme — the second, minute, hour, day, month, year generated by the cash register machine;

(7) number of the servicing division, except for the receipts with the inscription ъadvance payment”;

(8) name and CN FEA code of the goods, name and code of the work or service, and — in case of provision of public catering services — also the menu (names of dishes, culinary products, pastry and bakery products and other goods offered for sale) offered within the scope of actually provided service, except for the receipts with the inscription ъadvance payment”, in conformity with the procedure and time limits prescribed by the Government;

(9) quantity of goods being purchased, unit of measurement thereof, except for the receipts with the inscription ъadvance payment”, in conformity with the procedure and time limits prescribed by the Government;

(10) amount of the discount applied (when applied);

(11) amounts payable — in accordance with the divisions;

(12) total amount, including the VAT, where the person performing the transaction is a VAT payer and the transaction is subject to taxation by VAT, except for the receipts with the inscription ъadvance payment”;

(13) amount of VAT, where the person performing the transaction is a VAT payer and the transaction is subject to taxation by VAT, except for the receipts with the inscription ъadvance payment”;

(14) number of the responsible person (cashier);

(15) indication of fiscal mode (F);

(16) inscription ъadvance payment” — in case of receiving advance payments, as well as in cases when it is not clear what kind of goods will later be realised, what kind of works will later be performed or what kind of services will later be provided with the amounts taken;

(17) fiscal number generated through the algorithm approved by the tax authority — 8 digits (except for return receipts).

4. In case when persons carrying out notarial and/or advocacy activities provide services to the public outside the place of activity (use of cash register machine), they shall be obliged to enter the amount received for the service provided into the cash register machine not later than within three hours upon returning to the place of activity, and issue — within one day — the receipt of the cash register machine or deliver it by mail to the person receiving the service.

5. Persons carrying out activities of buying and selling foreign currency shall make cash settlements by a cash register machine satisfying the requirements of part 1 of this Article or computer equipment with relevant software, replacing it and satisfying the same requirements.

6. In case the use of cash register machines in conformity with this Chapter is not mandatory for cash settlements made in cash or via payment cards or other payment instruments applied on the basis of payment technologies, the circulation recorded by the installed and used cash register machine shall not serve as a ground for the calculation of taxes, and the cash register machine shall be removed from the registration with the tax authority (where it was registered) as prescribed by the Government.

7. Technical requirements for cash register machines and network connection means, procedure for registering a cash register machine and removing it from the registration with the tax authority, rules for use of cash register machines shall be approved by the Government.

8. Requirements for computer equipment with a relevant software, replacing the cash register machine, and for network connection means used by persons carrying out activities of buying and selling foreign currency, procedure for registering and removing from the registration of computer equipment with a relevant software, replacing the cash register machine, the rules for use of computer equipment with a relevant software, replacing the cash register machine shall be prescribed by the Central Bank of the Republic of Armenia jointly with the tax authority.

(Article 381 supplemented and edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-68-N of 25 June 2019, HO-185-N of 25 March 2020, supplemented and edited by HO-280-N of 1 June 2020, supplemented by HO-103-N of 12 April 2022, amended by HO-491-N of 4 December 2024)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision)

Article 382. Obligations of persons using a cash register machine

1. Organisations, individual entrepreneurs and notaries using a cash register machine shall be obliged to:

(1) observe the rules for use of cash register machines prescribed by the Government;

(2) ensure — for the purpose of carrying out inspection functions — the unimpeded entry of the official of the tax authority into the place of installation of the cash register machine;

(3) ensure the sending — by network connection means — of information about the sum total of cash settlements made by each cash register machine (including cash register machine, computer equipment with a relevant software used with respect to activities of buying and selling foreign currency) during the day to the tax authority.

(Article 382 amended by HO-261-N of 23 March 2018, HO-185-N of 25 March 2020)

Article 383. Authorisation to use a cash register machine

1. The authorisation to use a cash register machine, computer equipment with a relevant

software, as well as a computer software with respect to activities of buying and selling foreign currency shall be granted by the Central Bank of the Republic of Armenia in agreement with the tax authority.

(Article 383 amended by HO-185-N of 25 March 2020)

Article 384. Suspension of the activity of persons using a cash register machine, adopting decisions on suspension and end of suspension

(Article repealed by HO-103-N of 12 April 2022)

(Law HO-103-N of 12 April 2022 has a transitional provision)

Article 385. Performing cash-desk operations

1. Cash-desk operations shall be performed through the cash-desk and/or reporting persons.

2. Cash-desk operations shall be registered in cash book maintained in electronic format. The procedure for performing cash-desk operations, documenting them, registering the cash book and maintaining the cash book shall be prescribed by the Government.

3. The crediting of the cash debited from bank accounts to the cash-desk of the organisation or individual entrepreneur shall be made until the working day following the day of debiting the cash from the bank account. The crediting of the cash debited from the cash-desk of the organisation or individual entrepreneur to the bank accounts of the organisations or individual entrepreneur shall be made until the working day following the day of debiting the cash from the cash-desk.

(Article 385 amended by HO-261-N of 23 March 2018, HO-340-N of 25 October 2023)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 386. Limitations on payments in cash

1. The following limitations shall be applied to the payments in cash for transactions on supply of goods, performance of works or provision of services in the territory of the Republic of Armenia:

(1) the maximum amount of payment in cash for each transaction on supply of goods performance of works or provision of services shall be determined AMD 300 thousand (including the amount of VAT), and with respect to the sum total of such transactions within one month — AMD 3 million (including the amount of VAT);

(2) the maximum amount of accepting the amount in cash for each transaction on supply of goods, performance of works or provision of services shall be determined AMD 300 thousand (including the amount of VAT), and with respect to the sum total of such transactions within one month — AMD 3 million (including the amount of VAT), except for the cases prescribed by point 3 of this part;

(3) the maximum amount of accepting from natural persons not deemed an individual entrepreneur the amount in cash for each transaction on supply of goods, performance of works or provision of services in retail sale shall be determined AMD 3 million (including the amount of VAT), and where in retail sale a tax invoice of VAT refund is issued for supply of goods in the prescribed manner, the maximum amount of accepting the amount in cash for such transactions shall not be applied.

2. The limitations prescribed by part 1 of this Article:

(1) shall be applicable:

a. in cases of paying or accepting the amounts (commissions) due to a commission agent, agent or delegatee;

b. in cases of accepting the amounts by commission principal, principal or delegator from the commission agent, agent or delegatee respectively;

(2) shall not be applicable in cases of paying by the commission agent, agent or delegatee the amount in cash to the commission principal, principal or delegator respectively, as well as accepting the amount in cash from final customers of goods, persons accepting works or receiving services.

3. Within the meaning of restrictions prescribed by part 1 of this Article:

(1) payment in cash shall be considered the sum total of all payments (including advance payments, instalments) made for each transaction on supply of goods, performance of works or provision of services;

(2) payment for which a receipt of cash register machine containing the taxpayer identification number of the organisation, individual entrepreneur or notary acquiring the goods, accepting the

work and/or receiving the service prescribed by point 4 of the second paragraph of part 3 of Article 381 of the Code has been provided, shall not be deemed as payment in cash.

4. The limitations prescribed by part 1 of this Article shall not extend to payments made for representation expenses, payments made to natural persons with respect to their personal or passive income (in particular salary, payments equivalent thereto, benefits, scholarships, pensions, compensation payments), based on the contracts in writing concluded with natural persons not deemed an individual entrepreneur and producing agricultural products — payments for agricultural products bought therefrom, as well as payments for acquiring meat directly from natural persons other than individual entrepreneurs engaged in producing agricultural products.

5. The restrictions prescribed by part 1 of this Article shall apply, unless the Law of the Republic of Armenia ԵOn non-cash operations" prescribes lower threshold of restrictions than those prescribed by part 1 of this Article. Restrictions on cash payments prescribed by the Law of the Republic of Armenia ԵOn non-cash operations" that are lower than the restrictions prescribed by part 1 of this Article shall be deemed restrictions on cash payments within the meaning of the application of Article 419 of the Code. Regulations prescribed by parts 2-4 of this Article shall apply unless otherwise provided for by the Law of the Republic of Armenia ԵOn non-cash operations".

(Article 386 amended by HO-266-N of 21 December 2017, supplemented by HO-338-N of 21 June 2018, edited and amended by HO-68-N of 25 June 2019, supplemented by HO-20-N of 18 January 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-20-N of 18 January 2022 has a transitional provision)

Article 387. Limitations on imprest account in cash

1. The following limitations shall be applied to the provision of imprest account in cash to persons:

(1) imprest account in cash shall not be provided to the same person where he or she has not yet submitted the report on spending the previously received imprest account in cash to the person responsible for accepting those reports in the organisation or to the individual entrepreneur, except for the cases when the time limit for submitting the report has not expired;

(2) the following time limitations — prescribed by the Government — for the imprest account in cash provided by organisations or by individual entrepreneurs:

a. maximum time limit for spending the imprest account in cash provided for purposes other than secondment as intended or refunding it to the cash-desk or bank account of the organisation or individual entrepreneur;

b. maximum time limit for refunding the part of the imprest account in cash not spent as intended to the cash desk or the bank account of the organisation or individual entrepreneur.

2. Where by law or in cases prescribed by law, the decision of the Government prescribes other limitations on payments of amounts in cash and imprest accounts in cash for state institutions, these limitations shall be applied in lieu of the limitations prescribed by Article 386 and this Article of the Code.

(Article 387 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018)

Article 388. Obligations of the head of the organisation (individual entrepreneur), cashier with regard to storage of cash

1. The head of the executive body of an organisation (individual entrepreneur) shall bear the liability for ensuring the safety of storage of assets kept at the cash desk(s) of the organisation as well as the safety of the transportation thereof unless such liability is assigned to another person by the decision of the respective management body (individual entrepreneur) of the organisation.

2. The cashier shall accept (credit) cash to the cash-desk of the organisation or of the individual entrepreneur and dispense (debit) it therefrom.

3. The cashier is prohibited to delegate his or her obligations to other persons without the order (decision) of the head of the organisation (individual entrepreneur).

4. The obligations of the cashier may not be delegated to the workers of the organisation or the individual entrepreneur who are entitled to sign the cash documents, except for the organisations or the individual entrepreneurs, wherein number of workers does not exceed three.

(Article 388 supplemented by HO-266-N of 21 December 2017)

CHAPTER 75

APPLICATION OF EXCISE STAMPS AND/OR LABELS

Article 389. Stamping of goods with excise stamps

1. The goods subject to stamping with excise stamps (hereinafter referred to as ҭgoods subject to stamping”) shall be the following:

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
2204	wine of fresh grapes, including fortified wines, grape must other than that mentioned in heading 2009	beverages
2205	vermouth and other wine of fresh grapes, flavoured with plants or aromatic substances	beverages
2206 00	other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included	beverages
2207	ethyl alcohol, undenatured, of an alcoholic strength by volume of 80% or higher; ethyl alcohol and other spirits, denatured, of any strength	spirit
2208	ethyl alcohol, undenatured, of an alcoholic strength by volume of less than 80%; spirits, liqueurs and other spirituous beverages, including beverages with an alcohol content of up to 9%, including alcoholic cocktails	beverages
2402	cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes	tobacco products

2. The existence of the excise stamp on the ethyl alcohol produced in the Republic of Armenia and imported into the Republic of Armenia, classified under 2207 CN FEA code, prescribed by part 1 of this Article, is mandatory, where these goods are containerised in containers of 5 litre capacity by the producer or importer or otherwise containerised by the person containerising them.

3. The beverages classified under 2204, 2205, 2206 00, 2208 CN FEA codes and containerised in containers of up to 0.05 litre capacity, as well as spirituous beverages classified under 2208 CN FEA code, with up to 9 per cent alcohol concentration inclusive, prescribed by part 1 of this Article, shall not be subject to stamping with excise stamps.

(Article 389 amended by HO-338-N of 21 June 2018, HO-517-N of 7 December 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

Article 390. Stamping goods with labels

1. The goods subject to stamping with labels (hereinafter referred to as ҭgoods subject to stamping”) shall be the following:

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
0207	poultry and food by-products — fresh, chilled or frozen meat, classified under the heading 0105	meat
0209	pork fat separated from lean meat and poultry fat neither defrosted nor extracted by another method — fresh, chilled, frozen, salted, in brine, dried or smoked	meat
0210	poultry meat and meat by-products — salted, in brine, dried or smoked meat; meat and meat meal from meat by-products, granulated or not granulated	
0401	milk and cream, not concentrated and not containing added sugar or other sweetening matter	dairy produce
0402	milk and cream, concentrated or containing added sugar or other sweetening matter	dairy produce
0403	buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa	dairy produce
0404	whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included	dairy produce
0405	butter and other fats and oils derived from milk; dairy spreads	dairy produce
0406	cheese and curd	dairy produce
0901	coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion	coffee
0902	tea, whether or not flavoured	tea
0903 00 000 0	maté	tea
1504	fats and oils and fractions of fish or marine mammals, whether or not refined, but not chemically modified	fats and oils
1505 00	wool grease and fatty substances derived therefrom (including lanolin)	fats and oils
1506 00 000 0	other animal fats and oils and their fractions, whether or not refined, but not chemically modified	fats and oils
1507	soya bean oil and its fractions, whether or not refined, but not chemically modified	oil
1508	ground nut oil and its fractions, whether or not refined, but not chemically modified	oil
1509	olive oil and its fractions, whether or not refined, but not chemically modified	oil
1510	oils and their fractions, obtained solely	other oils

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
	from green or black olives, whether or not refined, but not chemically modified, including mixtures of these oils or fractions with oils or fractions of those mentioned in heading 1509	
1512 11 910	sunflower-seed oil	oil
1512 19 900	sunflower-seed oil	oil
1515	other non-volatile vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified	fats and oils
1516 20 960 2	grape-seed oil	oil
1517	margarine; edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of the given group, other than edible fats or oils or their fractions mentioned in heading 1516	margarine
1601 00	sausages and similar products, of meat, meat offal or blood; food preparations based on these products	prepared food
1602	other prepared or preserved meat, meat offal or blood	meat
1603 00	extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	prepared food
1604	prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	fish
1605	crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	fish
1806	chocolate and other food preparations containing cocoa	cocoa and preparations thereof
1901	malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40% by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods mentioned in headings 0401 to 0404, not containing cocoa or containing less than 5% by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included	concentrated milk
1902	pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagna, gnocchi, ravioli, cannelloni; couscous, whether or not prepared	prepared food
1903 00 000 0	tapioca and substitutes therefor prepared from starch, in the form of flakes, grains, pearls, siftings or other similar forms	prepared food
1904	prepared foods obtained by swelling or roasting cereals or cereal products (e.g.	prepared food

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
	corn flakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (not flour and meal), pre-cooked or otherwise prepared, not elsewhere specified or included	
2001	vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid	preserves
2002	tomatoes, prepared or preserved otherwise than by vinegar or acetic acid	preserves
2003	mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid	preserves
2004	other vegetables, prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products mentioned in heading 2006 00	preserves
2005	other vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products mentioned in heading 2006 00	preserves
2006 00	vegetables, fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glace or crystallised)	preserves
2007	jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, being cooked preparations, including containing added sugar or other sweetening matter	preserves
2008	fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	preserves
2009	fruit juices and vegetable juices, unfermented, not containing added spirit	juices
2101	extracts, essences, concentrates of coffee, tea or mate; preparations with a basis of these products or with a basis of coffee, tea or mate; roasted chicory and other roasted coffee substitutes and extracts, essences and concentrates thereof	coffee
2105 00	ice cream and other edible ice, whether or not containing cocoa	ice cream
2201	waters, including natural or artificial mineral waters, whether or not aerated, not containing added sugar or other sweetening matter nor flavoured	water
2202	waters, including mineral and aerated waters, containing added sugar or sweetening matter or flavoured; other non-alcoholic beverages	drinks
2203 00	beer	beer
2208	beverages with an alcohol content of up to 9%, including alcoholic cocktails, classified under 2208 CN FEA heading	cocktail

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
2209 00	vinegar and substitutes for vinegar obtained from acetic acid	vinegar
2309	preparations of a kind used in animal feeding	preparations
2404 12 000 0	liquid cartridges containing nicotine, including disposable e-cigarettes with liquid, not refillable	tobacco products
2404 19 000	liquid cartridges not containing nicotine, including those containing tobacco substitutes, including disposable e-cigarettes with liquid, not refillable	tobacco products
2710 19 710 0 2710 19 750 0 2710 19 820 0 2710 19 840 0 2710 19 860 0 2710 19 880 0 2710 19 920 0 2710 19 940 0 2710 19 980 0	lubricating oils, other oils	petrochemical products
2936	provitamins, vitamins	vitamin
3002 41 000 0	vaccines for human medicine, for retail sale	vaccine
3002 42 000 0	vaccines for veterinary medicine	vaccine
3004	medicaments for therapeutic or prophylactic use, packaged for retail sale, except for the medicine containing insulin or narcotic drugs or psychotropic substances acquired in the centralised manner and provided in the guaranteed manner by the state, for which stamping with a label is not required	medicine
3006 30 000 0	contrast media for x-ray examinations; diagnostic reagents designated for injection to patients for medical purposes	contrast media
3006 60 000 0	chemical contraceptive agents based on hormones, and other compounds specified in the heading 2937 or spermicides	contraceptives
3203 00	colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined; preparations based on colouring matter of vegetable or animal origin as specified in note 3 to the given group	dyes
3204	synthetic organic colouring matter, whether or not chemically defined; preparations based on synthetic organic colouring matter as specified in note 3 to the given group; synthetic organic products of a kind used as fluorescent brightening agents or as luminophores, whether or not chemically defined	dyes

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
3205 00 000 0	colour varnishes; preparations based on colour lakes as specified in note 3 to the given group	varnishes
3206	other colouring matter; preparations as specified in note 3 to the given group and other than those included in headings 3203, 3204 or 3205; inorganic products of a kind used as luminophores, whether or not chemically defined	dyes
3207 10 000 0	prepared pigments, prepared opacifiers, prepared paints and similar preparations	dyes
3208	paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a nonaqueous medium; solutions as specified in note 4 to the given group	dyes
3209	paints and varnishes (including enamels and lacquers) based on synthetic or chemically modified natural polymers, dispersed or dissolved in an aqueous medium	dyes
3210 00	other paints and varnishes (including enamels, lacquers and distempers); prepared water pigments of a kind used for finishing leather	dyes
3211 00 000 0	ready-made driers	driers
3212	pigments (including metallic powders and flakes) — dispersed in non-aqueous media, in liquid or paste form, of a kind used in the manufacture of paints (including enamels); stamping foils; dyes and other colouring matter put up in forms or packings for retail sale	pigments
3303 00	perfume, toilet water	perfume
3304	beauty or make-up preparations and other preparations for skin care (excluding medicaments), including sunscreen or sun tan preparations, manicure or pedicure preparations;	cosmetics
3305	hair preparations	cosmetics
3306	preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual packages for retail sale	hygiene preparations
3307	pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties	care preparations
3401	soap; organic surface-active products and preparations for use as soap (in the form of bars, cakes, moulded pieces or shapes), whether or not containing soap; organic surface-active products and	soap

Code according to CN FEA	Name of the commodity group	Brief name of the commodity group
	preparations for washing the skin, in the form of liquid or cream and put up for retail sale, whether or not containing soap; paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent	
3402	organic surface-active products (other than soap); surface-active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap (excluding those of heading 3401)	soap
3403 19 100 0 3403 19 900 0 3403 99 000 0	lubricating oils, other oils	Refined petroleum products

2. The existence of a label on goods produced in the territory of the Republic of Armenia or imported into the Republic of Armenia, bottled or otherwise containerised (packaged), and prescribed by part 1 of this Article shall be mandatory at any stage of alienation within the territory of the Republic of Armenia, where these goods are alienated in the same container (package) and marketable condition without changing the weight (volume), except for the cases prescribed by part 3 and 4 of this Article.

3. The containerised (packaged) goods having a capacity of up to 100 grams (including) or those with maximum 10 percent deviation from 100 grams — classified under 0405, 0406, 0901, 0902, 0903 00 000 0, 1806 and 2101 CNF EA codes — shall not be subject to stamping with labels.

4. Goods with net weight of up to 2 grams or volume of 2 millilitres (including samples) — classified under 3303, 3304, 3305, 3401 CNF EA codes — shall not be subject to stamping with label stamps.

(Article 390 edited and supplemented by HO-266-N of 21 December 2017, supplemented and amended by HO-338-N of 21 June 2018, supplemented by HO-68-N of 25 June 2019, amended, supplemented by HO-408-N of 16 December 2021, HO-517-N of 7 December 2022, HO-251-N of 12 July 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-517-N of 7 December 2022 has transitional provisions)

Article 391. Persons bearing the obligation of stamping with excise stamps and/or labels

1. Organisations and individual entrepreneurs importing goods subject to stamping into the Republic of Armenia from states not considered EAEU members under the customs procedure ԵRelease for domestic consumption” and from EAEU member states and/or producing goods subject to stamping in the Republic of Armenia shall bear the obligation to stamp with excise stamps and/or labels (hereinafter referred to also as ԵstampingԵ in this Chapter), except for the cases prescribed by this Article.

2. In case goods subject to stamping are produced or bottled or otherwise containerised (packaged) by other taxpayers and are returned to the customers by the order of organisations (except for non-resident organisations not having a permanent establishment) or individual entrepreneurs, the obligation of stamping shall be borne by the customer.

3. In case goods subject to stamping are produced or bottled or otherwise containerised (packaged) by other taxpayers and are returned to the customers by the order of non-resident organisations not having a permanent establishment and non-resident natural persons not having a permanent establishment, the obligation of stamping shall be borne by the person producing or bottling or otherwise containerising (packaging) the goods.

4. Prior to passing to the pledgee as collateral the right of ownership of goods, as prescribed by the legislation, as transferred by a person who bears the obligation of stamping and subject to stamping but not stamped, shall be borne by the pledgor. In case the right of ownership of goods constituting collateral and subject to stamping but not stamped passes to the pledgee as prescribed by the legislation the obligation of stamping shall be borne by the pledgee.

5. In case of a joint activity carried out as prescribed by Chapter 5 of the Code, the obligation of stamping shall be borne by the reporting participant of the joint activity.

6. Organisations and individual entrepreneurs not deemed producers or importers and alienating goods subject to stamping may — until the deadline for alienating by them the goods subject to stamping without stamping prescribed by law — stamp the inventoried stock on hand existing therewith and subject to stamping, as prescribed by the Government.

In cases prescribed by this part, the regulations prescribed by this Chapter and relevant legal acts ensuring the application of the system of excise stamps and labels for the taxpayers bearing the obligation of stamping shall be applied to the organisations and individual entrepreneurs not deemed producers or importers and alienating goods subject to stamping.

7. Within of the meaning of this Chapter, the organisations and individual entrepreneurs containerising (packing, bottling) goods stamped by labels differently shall also be considered producers of goods subject to stamping in the Republic of Armenia, except for the case indicated in this part.

Organisations and individual entrepreneurs who alienate goods stamped by labels in the sphere of retail trade shall not bear an obligation of stamping, where containerising (packing, bottling) of goods into a new container is performed upon alienation, or packing of those goods is carried out during commercial transactions by use of weighing equipment.

(Article 391 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018, edited, supplemented by HO-408-N of 16 December 2021)

Article 392. Not stamping of goods subject to stamping

1. The following shall not be subject to stamping:

(1) goods imported into the Republic of Armenia as an accompanying baggage by a natural person, not exceeding the value, in kind quantity and number prescribed by the customs legislation of the EAEU and the Republic of Armenia, and subject to stamping;

(2) goods — which are subject to stamping — exported from the Republic of Armenia by the taxpayers bearing the obligation of stamping in conformity with Article 391 of the Code, as well as the goods subject to stamping which are envisaged for sale in the duty-free shops;

(3) goods imported into the Republic of Armenia by diplomatic representations and consular offices accredited in the Republic of Armenia, international organisations equivalent thereto and subject to stamping, upon the consent given by the customs authority as prescribed by the Government.

(Article 392 amended by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 393. Procedure for providing excise stamps and/or labels

1. Excise stamps and/or labels shall be provided to taxpayers bearing the obligation of stamping, pursuant to Article 391 of the Code.

2. Taxpayers bearing the obligation of stamping (including the taxpayers referred to in part 6 of Article 391 of the Code) shall receive the excise stamps and/or labels from the tax authority.

3. The excise stamps envisaged for the stamping of imported goods prescribed by part 1 of Article 389 of the Code shall be received before the import of these goods into the Republic of Armenia, and the excise stamps envisaged for the stamping of produced goods prescribed by part 1 of Article 389 of the Code, as well as labels envisaged for stamping of goods prescribed by part 1 of Article 390 of the Code — before the alienation of these goods.

4. The excise stamps and/or labels shall be provided on the basis of the request submitted in electronic format and report on the use of excise stamps and/or labels previously received as of the day of submission of the request, within three working days after submitting the request, and in cases of goods that are classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes — also on the basis of information regarding the certificate of import (compliance) of goods, to the authorised natural person of the organisation having submitted the request (in case of an individual entrepreneur — to the individual entrepreneur or the natural person authorised thereby.

The forms of the request and the report prescribed by this part, as well as the procedure for the completion thereof shall be prescribed by the tax authority.

4.1. Procedure for certifying the information regarding the certificate of import (compliance) of goods classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes shall be established by the Government.

5. The request for receiving the excise stamps and/or labels shall be rejected where:

(1) the report specified in part 4 of this Article has not been submitted;

(2) ***(point repealed by HO-408-N of 16 December 2021)***

(3) there are still excise stamps exceeding 30 million units of tobacco products previously acquired and classified under 2402 CN FEA code and/or one million and 200 thousand units of commodity group classified under 2205, 2206 00, 2207, 2208, 2402 CN FEA codes;

(3.1) the certificate of import (compliance) of imported goods classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes;

(4) the form of the request and/or report has been submitted in violation of the requirements prescribed by the tax authority for filling in procedures.

5.1. The tax authority shall cancel the request:

(1) within one working day following the day of receipt of the application of the taxpayer on withdrawal of the request submitted;

(2) in case of failure by the taxpayer to receive the excise stamps and/or label stamps within 30 days following the day of satisfaction of a request.

6. The receipt of excise stamps and/or labels shall be certified by the note.

7. Those bearing the obligation of stamping:

(1) taxpayers (except for taxpayers considered turnover taxpayers or entities of micro-entrepreneurship pursuant to Section 13 of the Code) shall fill in the registration forms electronically via the electronic system of issuing, registering excise stamps and/or label stamps before the alienation of goods, and, where necessary, shall make adjustments to the registration forms electronically before the alienation of goods;

(2) taxpayers considered turnover taxpayers or entities of micro-entrepreneurship pursuant to Section 13 of the Code need not fill in the registration forms electronically via the electronic system of issuing, registering excise stamps and/or label stamps before the alienation of goods where they state all the data subject to registration (except for serial numbers and sequence numbers of labels to be provided) in the request for receiving labels. Where necessary, the taxpayers specified in this point may adjust the data stated in the request for receiving labels previously submitted thereby by filling in the registration forms electronically via the electronic system of issuing, registering excise stamps and/or label stamps before the alienation of goods.

8. Within the meaning of part 7 of this Article:

(1) the filling in of registration forms electronically via the electronic system of issuing, registering excise stamps and/or label stamps before the alienation of goods subject to stamping and/or submission of the request for receiving labels based on all the data subject to registration shall not be considered an alienation of goods specified in the electronic registration forms or request for receiving labels;

(2) type, subtype (description) of goods subject to stamping, capacity (volume, weight or other units of measurement typical of the given product type), quantity and/or series and sequence numbers (including with space) of relevant excise stamps and/or labels shall be filled in electronically via the electronic system of issuing, registering excise stamps and/or label stamps before the alienation of goods subject to stamping. In case of goods classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes (except for goods produced in the Republic of Armenia), the number of the import (compliance) license and the sequence number of drug therein shall also be filled in electronically.

9. The tax authority shall maintain record-keeping cards of excise stamps and/or labels as per type for each producer and each importer (including from EAEU member states). Quantity, series and numbers of excise stamps and/or labels provided, taken back shall be indicated in the card.

10. The procedure for making the registrations provided for by this Chapter shall be established by the tax authority.

(Article 393 amended and supplemented by HO-266-N of 21 December 2017, edited and amended by HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, supplemented by HO-281-N of 1 June 2020, amended, supplemented by HO-408-N of 16 December 2021, amended by HO-517-N of 7 December 2022, supplemented, amended by HO-251-N of 12 July 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

Article 394. Rules for stamping

1. The stamping of goods shall be carried out by affixing the excise stamps and/or labels received

in conformity with Article 393 of the Code to the goods subject to stamping. In terms of application of this part, the stamping shall be carried out on the unit of goods, produced or imported into the territory of the Republic of Armenia, subject to stamping, bottled or containerised (packed) in any other manner, except for the case mentioned in the second paragraph of part 3 of this Article.

2. Where the taxpayers bearing the obligation to stamp with labels alienate goods subject and not subject to stamping with labels in the same packet or in the package of any other form, the stamping thereof and filling in of the registration forms electronically via the electronic system of issuing, registering excise stamps and/or labels (including adjustments to the registration forms) shall be carried out with respect to the goods subject to stamping with labels only, pursuant to this Article and Article 393 of the Code.

3. Where the taxpayers bearing the obligation to stamp with labels alienate more than one product subject to stamping with labels in the same packet or in the package of any other form, the stamping thereof and filling in of the registration forms electronically via the electronic system of issuing, registering excise stamps and/or label stamps (including adjustments to the registration forms) shall be carried out with respect to each product subject to stamping separately, pursuant to this Article and Article 393 of the Code, except for the cases prescribed by the second paragraph of this part.

Stamping and electronic registrations (including registration adjustments) of chilled or frozen poultry meat classified under 0207 and 0210 CN FEA codes can be carried out for each box.

4. The taxpayers producing goods subject to stamping or specified in part 6 of Article 391 of the Code may carry out the stamping of goods at any stage of production or preparation for alienation of goods, within the area selected by them, but not later than until the alienation of these goods.

5. The taxpayers importing goods subject to stamping with labels may carry out the stamping of goods prior to the import or after the import of these goods into the territory of the Republic of Armenia, within the area selected by the importer, but not later than until the alienation of these goods.

6. The stamping of goods being imported into the territory of the Republic of Armenia, classified under 2204, 2205, 2206 00, 2207, 2208, 2402 CN FEA codes with excise stamps shall be carried out before the import of these goods into the territory of the Republic of Armenia, except for the cases prescribed by this part.

The stamping of goods being imported into the territory of the Republic of Armenia, classified under 2204, 2205, 2206 00, 2207, 2208, 2402 CN FEA codes, confiscated, declared as ownerless for the benefit of the State or transferred to the State under the right of succession, as well as of cigars or up to 25 000 bottles of alcoholic beverages may be carried out within the territory of the Republic of Armenia before carrying out of customs formalities and under customs control.

The stamping of goods being imported into the territory of the Republic of Armenia, classified under 2204, 2205, 2206 00, 2207, 2208, 2402 CN FEA codes, confiscated, declared as ownerless for the benefit of the State or transferred to the State under the right of succession, shall be carried out by the organiser of public auctions prescribed by law.

The rule for stamping prescribed by the first paragraph of this part shall not apply to goods imported into the territory of the Republic of Armenia, which are classified under 2204, 2205, 2206, 2207, 2208, 2402 CN FEA codes and those goods documented as prescribed by the Government, which shall be further exported from the Republic of Armenia within the time limits defined by the Government.

7. An undamaged, whole excise stamp and/or label must be affixed to the goods subject to stamping and the registration forms filled in electronically via the electronic system of issuing, registering excise stamps and/or label stamps with respect thereto must comply with the type, subtype (description) of goods subject to stamping, capacity (volume, weight or other units of measurement typical of the of the given product type) and the series and number registered electronically. In case of goods classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes (except for goods produced in the Republic of Armenia), the number of the import (compliance) license and the sequence number of drug therein shall also be filled in electronically.

8. Rules for the stamping of goods (including the position of stamping on each type of the product or packet or package of any form subject to stamping) shall be prescribed by the Government.

The positive difference between the electronically registered weight and actual weight of types of goods — classified under 0207, 0209, 0210, 0406, 1601 00, 1602, 1603 00, 1604 and 1605 CNF EA — as of the moment of alienation shall not be deemed to be violation of stamping rules, where that difference does not exceed 10 percent of the weight registered electronically.

9. The alienation or transfer (provision, allocation) of excise stamps and/or labels to other taxpayers shall be prohibited, except for the transfer of excise stamps and/or labels exported under the customs procedure ԵTemporary export” (with respect to EAEU member states — ԵCustoms transit”) to a foreign contracting party, transfer thereof by the customer to taxpayers producing or bottling or otherwise containerising goods subject to stamping specified in part 2 of Article 391 of the Code, as well as transfer thereof to taxpayers providing services (actions) subject to stamping.

(Article 394 amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, HO-68N of 25 June 2019, HO-281-N of 1 June 2020, HO-408-N of 16 December 2021, amended by HO-517-N of 7 December 2022, supplemented by HO-454-N of 24 November 2022, amended by HO-251-N of 12 July 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

(Law HO-454-N of 24 November 2022 has a final part and transitional provisions)

Article 395. Prescribing the samples of excise stamps and/or labels and technical requirements thereof

1. The samples, size, form, colour and technical requirements of excise stamps and/or labels applied for the stamping of goods produced in the Republic of Armenia or imported into the territory of the Republic of Armenia shall be prescribed by the tax authority.

2. Excise stamps and/or labels of goods subject to stamping produced in the Republic of Armenia and imported into the territory of the Republic of Armenia must be distinguished by colour and the inscription ŧdomestic" or ŧimported" respectively.

3. The excise stamps and/or labels must ensure the visibility of the name, address, TIN of the producer or importer of goods, type, subtype (description) of the goods, capacity of the goods (volume, weight or other unit of measurement typical of the given product type, except for the labels envisaged for the stamping of goods classified under 3304, 3305, 3401 and 3402 CN FEA codes, prescribed by Article 390 of the Code, for which it is impossible to determine the relevant unit of measurement) through electronic portable device of general use operating with Apple iOS 6, Android 4, Windows Phone 8, as well as any of equivalent or other higher operating systems. In case of goods classified under CN FEA 2936, 3002 41 000 0, 3004, 3006 30 000 0, 3006 60 000 codes (except for goods produced in the Republic of Armenia), the label shall allow to make the number of the import (compliance) license of the drug and the sequence number of drug therein visible.

4. After the excise stamp and/or label has been affixed (stamped) to the goods subject to stamping, the possibility of removing it without damage must be ruled out.

(Article 395 supplemented by HO-281-N of 1 June 2020, amended by HO-408-N of 16 December 2021, HO-251-N of 12 July 2023)

Article 396. Return of unused or damaged excise stamps and/or labels

1. Unused excise stamps and/or labels shall be returned until the last day, inclusive, of the twelfth month following the month of receipt thereof.

2. Damaged excise stamps and/or labels (except for excise stamps and/or label stamps having become defective during stamping) shall be returned in accordance with the results of each semester, until the 20th inclusive of the month following the semester.

3. Unused or damaged excise stamps and/or labels (except for excise stamps and/or label stamps having become defective during stamping) shall be returned to the tax authority by the taxpayer upon the application prescribed by the tax authority.

4. The tax authority shall — within ten working days after receiving the application — check the conformity of damaged excise stamps and/or labels with the requirements of part 6 of this Article and adopt a decision on the conformity (non-conformity) thereof with these requirements and notify the taxpayer within two working days following the day of adopting the decision.

5. The tax authority shall take the unused excise stamps and/or labels back without checking the conformity thereof with the requirements prescribed by part 6 of this Article.

6. The tax authority shall not take the damaged excise stamps and/or labels back where the following conditions have not been observed:

(1) the excise stamps must be affixed on separate pages without folds and raggedness;

(2) the series and number of the excise stamp and/or label must be clearly visible;

(3) in case the excise stamp and/or label is torn, the torn parts must be joined.

(Article 396 supplemented and amended by HO-266-N of 21 December 2017, amended and supplemented by HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, edited, supplemented by HO-408-N of 16 December 2021)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 396.1. Procedure for stamping of goods on the basis of ratified International treaties of the Republic of Armenia

1. Where on the basis of ratified International treaties of the Republic of Armenia stamping the goods with control (identification) marks is being prescribed, regulations envisaged by the Code, other laws and relevant regulatory legal acts ensuring application of stamp system for the organisations and individual entrepreneurs producing or importing goods subject to stamping with labels shall be applied against the organisations and individual entrepreneurs bearing the obligation of stamping the goods with control (identification) marks.

2. On the basis of ratified International treaties of the Republic of Armenia, the list of goods subject to stamping with control (identification) marks, time limits for the introduction of stamping, including time limits for the implementation of the pilot projects, the procedure for stamping the leftovers — not alienated prior to the time limit for the introduction of stamping — subject to stamping, the time limits for terminating the stamping of goods subject to stamping prescribed by the Code, the peculiarities of introduction of the information system for monitoring over the goods turnover, the prices for providing stamping codes shall be approved by the Government.

(Article 396.1 supplemented by HO-266-N of 21 December 2017, HO-517-N of 7 December 2022, HO-491-N of 4 December 2024)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

SECTION 18

LIABILITY FOR VIOLATING OR FAILING TO FULFIL THE REQUIREMENTS PRESCRIBED BY THE CODE

CHAPTER 76

GENERAL PROVISIONS FOR LIABILITY FOR TAX OFFENCES

Article 397. Tax offence and liability

1. Illegal action or omission of a taxpayer or a tax agent for which liability is prescribed by the Code and/or the laws of the Republic of Armenia on fees, shall be deemed a tax offence.

2. Liability for tax offences is an independent type of legal liability which is aimed at ensuring the financial sustainability and financial interest of the state through full compensation for material damage caused to the state as a result of violation of the provisions of legal acts regulating tax relations, prescribing additional liability for the taxpayer having committed a tax offence, as well as through compelling him or her to immediately discharge tax liabilities and preventing tax offences in future.

3. Taxpayers or tax agents shall be subjected to liability for tax offences exceptionally in cases and in the procedure prescribed by the Code and the laws of the Republic of Armenia on fees.

Article 398. Recording tax offences

1. The responsible official of the tax authority shall — immediately after detecting a potential tax offence in the process of implementing tax administration — draw up a protocol, except for the cases when tax offences are revealed and recorded as a result of inspections, examinations carried out by the tax authority as prescribed by the Code, or of carrying out operational and intelligence measures as prescribed by law, or record-keeping of tax liabilities in the personal account cards of a taxpayer.

2. The form of and procedure for filling in the protocol shall be approved by the tax authority. The protocol shall contain the following:

(1) place, year, month, day of drawing up the protocol and its number;

(2) name, surname of the person having committed a potential tax offence, full name of the organisation, TIN, where available, address of place of residence (location) thereof, passport data and/or public service number (where known) of the natural person;

(3) description of the potential tax offence, period, information obtained and those legal norms the requirements of which have not been fulfilled;

(4) preliminary calculation of tax liabilities within the limits of information obtained, and legal

grounds for imposing liability;

(5) position, name, surname, signature of the tax official having drawn up the protocol.

3. Relevant documents, photographs, carriers containing electronic information, materials substantiating the potential tax offence, and other items containing necessary information may be attached to the protocol drawn up.

4. After drawing up the protocol, it shall be submitted to the head of the structural subdivision of the tax authority for further processing. Where administrative or criminal proceedings are initiated based on the protocol drawn up, the protocol shall be maintained in the file of administrative or criminal case, and where proceedings are not initiated, it shall be maintained in the tax records of the taxpayer for the purpose of using during tax control in future.

5. In case of arising — in the personal account cards of a taxpayer maintained with the tax authority — of tax liabilities not discharged in due procedure prescribed by the Code or the laws of the Republic of Armenia on fees, except for the cases when tax liabilities are imposed by inspection or other administrative acts, administrative proceedings on levying unpaid tax liabilities shall be initiated as prescribed by the Law of the Republic of Armenia “On fundamentals of administration and administrative proceedings”, where the amount of unpaid tax liability exceeds AMD 200 000 or more than two months have passed after the day of emergence of the tax liability.

5.1. Taxpayers may be notified by means of electronic notification of the documents subject to mandatory notification (protocols, letters of instruction on lien, decisions, notices) provided for by the Code and law, as rendered both in paper form and through the electronic system by the tax authority within the scope of the administrative proceedings for collection of unpaid tax liabilities or putting lien on taxpayer's property provided for by part 5 of this Article. The taxpayer shall be deemed to be properly notified of the documents subject to mandatory notification referred to in this part from the day of posting the mentioned documents on the personal page in the electronic management system for submitting reports of the tax authority, which shall be certified by the electronic system. Documents subject to mandatory notification shall enter into force on the day following the day the taxpayer was properly notified of the indicated documents.

5.2. Taxpayers not having a taxpayer identification number shall be notified on the documents subject to mandatory notification through postal communication with acknowledgement of delivery to the last recorded registration address in the information available at the tax authority in chronological order. In case of not receiving a return notification with regard to the delivery within 10 working days after the notification of a taxpayer of the documents subject to mandatory notification through postal communication, the tax authority shall carry out the notification about the indicated documents through placing it on the official website of public notifications of the Republic of Armenia, and the documents shall enter into force on the 5th day following the day of placing them on the web-site.

6. In case of imposition of tax liabilities by inspection or other administrative acts based on the results of the tax inspection carried out by the tax authority, the specified inspection or administrative acts shall—within a period of two months — become unappealable after entry into force, and the tax liabilities recorded thereby shall be subject to discharge within a period of 10 days following the day the specified acts become unappealable.

In case of failing to pay, within the period prescribed by this part, the tax liabilities recorded by inspection or other administrative acts drawn up based on the results of tax inspections carried out by the tax authority, the specified inspection or other administrative acts shall be implemented according to the procedure and within the time limits prescribed by the Law of the Republic of Armenia "On fundamentals of administration and administrative proceedings".

7. In accordance with parts 5 and 6 of this Article, the liabilities subject to levying (payment) shall be subject to discharge together with the penalties and fines calculated as of the day of discharge according to the procedure prescribed by the Code or law.

(Article 398 supplemented by HO-338-N of 21 June 2018, HO-80-N of 3 March 2021, supplemented, amended by HO-88-N of 23 March 2022, edited by HO-55-N of 4 March 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

(the time period for rendering a decision on levy and/or lien prescribed by parts 5 and 6 of Article 398 of the Code for tax liabilities arisen and outstanding or not levied before entry into force of Law HO-104-N of 28 February 2024 shall be calculated from the 10th day after entry into force of this Law, and regulations prescribed by Section 19 of the Code shall apply to secure and enforce outstanding tax liabilities)

Article 399. General conditions for imposing liability for a tax offence

1. Taxpayers or tax agents shall not be subject to liability where they have been guided by the official clarifications of the state body exercising state regulation of the financial sector in the given tax law relation being an object of a tax offence.

2. Taxpayers or tax agents shall be subjected to liability by the tax authority or other state bodies authorised by law, under the inspection act or examination protocol approved as prescribed by the Code, where imposing liability is provided for by the Code as a result of examination or by the administrative act drawn up as a result of the operational and intelligence measure or by another administrative act.

3. When two or more tax offences are committed by a taxpayer or a tax agent, liability shall be imposed for each offence separately.

4. Subjecting a taxpayer or a tax agent to liability for a tax offence shall not exempt from the application of administrative, criminal or other liability prescribed by the legislation of the Republic of Armenia against them or the officials thereof.

5. Imposition of liability shall not exempt the taxpayer from discharge of tax liabilities prescribed by this Code unless otherwise prescribed by the Code.

(Article 399 amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 400. Types of liability for tax offences

1. The following types of liability may be imposed for a tax offence:

(1) warning;

(2) fine;

(3) penalty;

(4) confiscation of the property which is object of tax offence;

(5) suspension of activities of the taxpayer.

2. No additional tax liabilities arise in case of warning.

3. In the case of calculation of a fine, additional tax liability shall be calculated as prescribed by Article 401 of the Code, at a fixed rate for each day of failure to pay or late payment of the tax amount.

4. Additional tax liability at a percentage or fixed rate, expressed in drams of the Republic of Armenia, shall be calculated as prescribed by Chapter 77 of the Code for failure to fulfil or fulfilling with violations the requirements prescribed by the Code or the laws of the Republic of Armenia on fees in case of imposition of a penalty.

5. In case of confiscation of property which is an object of tax offence, the property which is an object of tax offence shall, based on the decision on confiscation adopted by the tax authority, be compulsorily taken for gratuitous use under state ownership. In the case of revealing a tax offence providing for confiscation of property which is an object of tax offence, the tax authority shall immediately undertake the measure for putting a lien on the property, as prescribed by the Code, to ensure discharge of tax liabilities. The procedure for compulsorily taking the property under state ownership, maintaining and disposing it shall be prescribed by the Government.

6. In the case of suspension of activities of a taxpayer, no additional tax liability shall arise. In the cases prescribed by the Code, suspension may be replaced by a penalty.

7. Different types of liability may not be applied for the same tax offence, except for cases prescribed by this Section.

8. No other types of liability shall be applied against the types of liability for tax offences prescribed by this Article.

(Article 400 amended by HO-261-N of 23 March 2018)

CHAPTER 77

TYPES OF TAX OFFENCES AND LIABILITY FOR COMMITTING THEM

Article 401. Late payment of tax

1. In the case of late payment of tax, a taxpayer or a tax agent shall pay a fine in the amount of 0.075 percent for each day overdue.

2. The fine prescribed by part 1 of this Article shall be applied to the amount of tax not paid in due time (including unpaid by the tax agent in cases prescribed by legal acts regulating tax relations), the amounts of advance tax payments, the amount of tax detected by the results of tax inspections (underreported) for the entire period after the time limit for payment thereof, but not more than for 730 days.

3. Fines shall also be calculated as prescribed by this Article:

(1) where the Professional Commission prescribed by point 17 of part 2 of Article 64 of the Code changes or suspends the decisions regarding subsidies, subventions and grant programmes — qualified as privileged — for the VAT amounts paid less or unpaid within the scope thereof;

(2) against the amounts of VAT calculated as prescribed by the Code for goods imported by a taxpayer having the status of an authorised economic operator into the territory of the Republic of Armenia from states not deemed members of EAEU as prescribed by point 37 of part 2 of Article 64 of the Code, starting from the day following the deadline prescribed by the Code for paying amounts of VAT for goods imported into the territory of the Republic of Armenia from states not deemed members of EAEU, where those goods or the goods derived from their processing are not re-exported from the territory of the Republic of Armenia within 180 days following the day of import;

(3) against the amounts recorded as tax liabilities — in the amount of the negative difference of the debit amount generated by the data included in the verified and previous calculation report as a result of verification of the unified VAT and excise tax calculation report submitted for the given reporting period:

(a) starting from the day of participation in the satisfaction of liabilities prescribed by this Code for the given reporting period, where these amounts have — in accordance with part 3 of Article 74 of the Code — been directed to the satisfaction of VAT liabilities, or have — in accordance with part 3 of Article 95 of the Code — been directed to the satisfaction of excise tax liabilities;

b. starting from the day of crediting to the single account, where these amounts have — in accordance with part 4 or part 5 of Article 74 of the Code or part 4 or part 5 of Article 95 of the Code — been credited to the single account.

(Article 401 amended by HO-338-N of 21 June 2018, HO-220-N of 22 April 2020, amended, supplemented by HO-101-N of 1 March 2023, amended by HO-376-N of 24 October 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-220-N of 22 April 2020 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

(Law HO-376-N of 24 October 2024 has a transitional provision)

Article 402. Late submission of or failure to submit tax calculation report

1. In case of submitting to the tax authority the tax calculation report by taxpayers or tax agents at a later date than prescribed by the Code or the laws of the Republic of Armenia on fees or failure to submit it, a penalty shall be imposed on the taxpayer or the tax agent (also under the inspection act) for each full 15 days (irrespective of whether or not the 15th day is a non-working day) following that time limit, in the amount of 5 percent of the sum total of calculated tax.

Within the meaning of application of the penalty imposed in this part on natural persons not deemed individual entrepreneurs and notaries, the calculation report for each full 15 days shall start from the date of adoption of the administrative act indicating the amount of the tax liability subject to discharge.

2. Calculation of the penalty prescribed by this Article shall cease from the date of submitting the relevant tax calculation report to the tax authority or the date of drawing up draft complex tax inspection act on the given tax, and in case of natural persons who are not deemed individual entrepreneurs and a notary — also from the date of another administrative act.

3. The total of penalties prescribed by part 1 of this Article must not exceed the sum total of calculated tax.

(Article 402 supplemented by HO-266-N of 21 December 2017, amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 402.1. Failure to fulfil the obligation on notification of controlled transaction

1. In case of failure to provide the notification on controlled transactions within the time period prescribed by part 3 of Article 375 of the Code a fine shall be imposed:

(1) in the amount of AMD 5 million — on organisations having exceeded by the results of the previous tax year the threshold of AMD 2 billion of gross revenue calculated in the manner prescribed by the Code;

(2) in the amount of AMD 3 million — on organisations having exceeded by the results of the previous tax year the threshold of AMD 1 billion of gross revenue calculated in the manner prescribed by the Code;

(3) in the amount of AMD 1 million — on organisations not having exceeded by the results of the previous tax year the threshold of AMD 1 billion of gross revenue calculated in the manner prescribed by the Code.

2. In case erroneous or insufficient information is provided in the notification on controlled transactions after receipt of the written request of the tax authority to submit the adjusted notification a fine shall be levied in the amount of AMD 500 thousand for each error or transaction not filled in the notification.

3. In case the taxpayer fails to submit within the period prescribed by part 4 of Article 375 of the Code the verified notification or the objections submitted are not considered as substantiated, the tax authority shall calculate and impose the amount of fine provided for by part 2 of Article.

(Article 402.1 supplemented by HO-86-N of 23 March 2022)

Article 402.2. Violation of transfer pricing documentation rules

1. In case of failure to submit to the tax authority within prescribed time limits the documentation of transfer pricing the taxpayer shall pay a fine in the amount of 10 per cent of the value of each controlled transaction to be documented.

2. In case of failure by the taxpayer to submit, within 30 days following the day of imposing the fine envisaged by part 1 of this Article, the transfer pricing documentation to the tax authority a fine shall be calculated for each overdue day — in the amount of 0.04 per cent of the value of each controlled transaction to be documented.

(Article 402.2 supplemented by HO-86-N of 23 March 2022)

Article 402.3. Violation of the rules for providing information on financial accounts by a financial institution or account holders and controlling persons, submission of information on non-disclosure of account holders and controlling persons, compliance with due diligence procedures thereby

1. If the financial institution prescribed by Chapter 80.2 of the Code (hereinafter referred to in this Article as “financial institution”) fails to provide — within the time limit prescribed by the Code, or provides to the tax authority at a later date than that time limit — the information prescribed by part 1 of Article 443.4 of the Code on financial accounts prescribed by Chapter 80.2 of the Code (hereinafter referred to in this Article as “financial accounts”) of account holders and controlling persons prescribed by Chapter 80.2 of the Code (hereinafter referred to as “account holders and controlling persons”), a penalty in the amount of AMD 500 000 shall be imposed on the financial institution for each piece of information not provided or provided at a later date than that prescribed by the Code.

2. If the financial institution fails to provide to the tax authority the information on financial accounts of account holders and controlling persons within a period of 30 days following the day the penalty provided for by part 1 of this Article or this part is imposed, a penalty in the amount of AMD 1 million shall be imposed on the financial institution for each piece of information not provided.

3. If the financial institution provides incomplete or false information on financial accounts of account holders and controlling persons, a penalty in the amount of AMD 1 million shall be imposed on the financial institution for each piece of incomplete or false information.

4. If the financial institution fails to submit to the tax authority information on non-disclosure of account holders and controlling persons, a penalty in the amount of AMD 250 000 shall be imposed on the financial institution.

5. If the financial institution fails to comply with the due diligence procedures for account holders and controlling person prescribed by the Common Reporting Standard, a penalty in the amount of AMD 1 million shall be imposed on the financial institution.

6. In cases of violations prescribed by this Article, the penalties shall be imposed by the Central Bank of the Republic of Armenia as prescribed by the Law “On the Central Bank of the Republic of Armenia”.

7. Oversight of the cases prescribed by this Article shall be conducted jointly by the Central Bank of the Republic of Armenia and the tax authority, based on the methodological instructions or

indications issued by the tax authority and implemented by the Central Bank of the Republic of Armenia.

8. The procedure for and methodology of the oversight prescribed by part 7 of this Article shall be defined by the joint legal act of the tax authority and the Central Bank of the Republic of Armenia.

9. In cases of violations prescribed by this Article, the penalties shall not be applied, where the financial institution has eliminated them before initiation of the proceedings for imposing a sanction, or the violation is of a technical nature, the criteria for which may be defined by the methodology prescribed by part 8 of this Article.

(Article 402.3 supplemented by HO-338-N of 10 September 2024)

(Law HO-338-N of 10 September 2024 has a transitional part and transitional provisions)

Article 403. Understating the tax amount

1. In the cases of reporting the tax amount in every tax calculation report for every reporting period less than the amount calculated as prescribed by the Code or the laws of the Republic of Armenia on fees, the underreported amount of tax shall be collected, as well as a penalty in the amount of 50 percent of that amount, except for cases prescribed by parts 3 and 4 of this Article.

2. In case of committing the violation mentioned in part 1 of this Article again within one year following the recording the violation in the act drawn up as a result of the complex tax inspection, the underreported amount of tax shall be collected, as well as a penalty in the amount of 100 percent of that amount shall be imposed, except for cases prescribed by parts 3 and 4 of this Article. Within the meaning of this part, the following — within one year after recording the violation — shall be deemed the day of committing the violation again:

(1) the day of actual submission (irrespective of whether or not verified tax calculation reports have later been submitted) of the tax calculation report including a violation, to the tax authority before the time limit prescribed by the Code or the laws of the Republic of Armenia on fees with regard to submitting the tax calculation report to the tax authority;

(2) in the case of submitting the tax calculation report including a violation, to the tax authority after the expiry of the time limit prescribed by the Code or the laws of the Republic of Armenia on fees with regard to submitting the tax calculation report to the tax authority, the last day (irrespective of the day of actual submission of the tax calculation report and irrespective of whether or not verified tax calculation reports have later been submitted) of the time limit prescribed by the Code or the laws of the Republic of Armenia on fees.

3. In the cases of reporting by turnover taxpayers the tax amount in the turnover tax calculation report for each reporting period less than the amount subject to calculation as prescribed by the Code, the underreported amount of tax shall be collected, as well as a penalty in the amount of 100 percent of that amount shall be imposed.

4. Where in the tax calculation report of the relevant reporting period the underreported amount of tax (or a part thereof) has been reported:

(1) in any reporting period preceding the given reporting period, included in the period inspected by the given complex tax inspection, penalties prescribed by parts 1 and 2 of this Article shall not be applied with respect to those amounts;

(2) in any reporting period following the given reporting period, included in the period inspected by the given complex tax inspection, penalties prescribed by parts 1 and 2 of this Article shall be applied by half with respect to those amounts.

Within the meaning of this part, in the reporting periods included in the period preceding the reporting periods, inspected by the given complex tax inspection:

(1) amounts of tax (or a part thereof) reported in excess earlier shall be deemed repaid at the expense of the amounts (or a part thereof) underreported earlier in the tax calculation report of the relevant reporting period;

(2) amounts of tax (or a part thereof) underreported earlier shall be deemed repaid at the expense of the amounts (or a part thereof) reported in excess earlier in the tax calculation report of the relevant reporting period.

(Article 403 amended by HO-266-N of 21 December 2017, HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 404. Overstating the tax loss

1. In the case of over-reporting the tax loss in the profit tax calculation report submitted to the tax authority for each tax year, the tax loss over-reported for that reporting period shall be reduced in

the result of the complex tax inspection, including in the amount carried over to following reporting periods as prescribed by the Code.

(Article 404 amended by HO-266-N of 21 December 2017)

Article 405. Failure to maintain accounting as prescribed or to submit accounting data to officials carrying out inspection

1. In case of detecting during the complex tax inspection the fact of failure by organisations having an obligation to maintain the accounting in compliance with the Law of the Republic of Armenia “On accounting” through computer software, to maintain the accounting through the computer software prescribed by the Law of the Republic of Armenia “On accounting”, or to provide, upon the written request of officials carrying out the complex tax inspection, the copy of the file created through the accounting software (with respect to the concerned period mentioned in the inspection assignment) prescribed by this Article to the officials carrying out inspection on an electronic carrier on the working day following it, a penalty shall be imposed:

(1) in the amount of AMD 5 million calculated as prescribed by the Code against organisations having exceeded the threshold of AMD 1 billion of gross revenue by the results of the previous tax year;

(2) in the amount of AMD 3 million calculated as prescribed by the Code against organisations having exceeded the threshold of AMD 500 million of gross revenue by the results of the previous tax year.

2. In cases prescribed by this Article, provision on an electronic carrier of the copy of the file created through accounting software to the officials carrying out inspection shall be recorded by an act of delivery and acceptance, which shall be signed by the taxpayer and the officials carrying out inspection.

3. The procedure and conditions for requesting, by the officials carrying out inspection, of the copy of the file created by banks, credit organisations, insurance companies or investment funds through an accounting software, and for providing to the mentioned officials on an electronic carrier shall be prescribed by the Government.

(Article 405 amended by HO-261-N of 23 March 2018)

Article 406. Violation of the procedure for recording stock-on-hand

1. In case of detection, during the complex tax inspection, of the shortage prescribed by Article 346 of the Code, a penalty shall be imposed on the taxpayer in the amount of 50 percent of the price (value) of the shortage, and in case of detecting shortage of excisable goods prescribed by Article 87 of the Code — in the amount of the sum total of 50 percent of the price (value) of the shortage and the excise tax amount calculated as prescribed by Section 5 of the Code. In case of committing the violation prescribed by this part or part 2 of this Article again within one year after the recording, a penalty shall be imposed on the taxpayer in the amount of 100 percent of the price (value) of the shortage, and in case of detection of shortage of excisable goods prescribed by Article 87 of the Code — in the amount of the sum total of 100 percent of the price (value) of the shortage and the excise tax amount calculated as prescribed by Section 5 of the Code.

2. In case of detection, during the measuring, of the shortage prescribed by Article 346 of the Code, a penalty shall be imposed on taxpayers in the amount of 50 percent of the price (value) of the shortage, and in case of detection of shortage of excisable goods prescribed by Article 87 of the Code — in the amount of the sum total of 50 percent of the price (value) of the shortage and the excise tax amount calculated as prescribed by Section 5 of the Code. In case of committing the violation prescribed by this part or part 1 of this Article again within one year after recording the violation, a penalty shall be imposed on the taxpayer in the amount of 100 percent of the price (value) of the shortage, and in case of detection of shortage of excisable goods prescribed by Article 87 of the Code — in the amount of the sum total of 100 percent of the price (value) of the shortage and the excise tax amount calculated as prescribed by Section 5 of the Code. The penalty mentioned in this part shall be imposed on the taxpayer:

(1) with sales turnover having exceeded AMD 24 million in any month at any time period before the measurements during the tax year when measurements have been conducted;

(2) having exceeded AMD 24 million of the sum total of the customs value of goods acquired by documents prescribed by points 1-5 of part 2 of Article 55 and/or respective documents of part 13 of the Code (except for raw materials, materials, fixed assets and foreign currency) (without amounts of VAT, excise tax and/or environmental tax) and/or goods imported through customs procedure “Release for domestic consumption” from states not deemed EAEU members, and of the VAT base of (without excise tax) of goods imported from EAEU member states in any time period before the measurements during the tax year when measurements have been conducted.

3. Within the meaning of parts 1 and 2 of this Article, committing the violation again shall mean committing the violation prescribed by parts 1 or 2 of this Article within one year from the date of the complex tax inspection act or the measurement protocol until the date of the draft complex tax inspection act or the next draft measurement protocol.

4. In case of detecting shortage by the results of the measurements, the penalty prescribed by part 2 of this Article may be applied only once during each tax year.

5. Penalties prescribed by this Article shall be final tax liabilities with respect to the shortage.

6. (part repealed by HO-68-N of 25 June 2019)

(Article 406 amended by HO-68-N of 25 June 2019, HO-340-N of 25 October 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 406.1. Non-observance of the requirements for documentation of transactions for acquisition of goods (except for raw materials, materials, fixed assets and foreign currency)

1. Where non-observance by the profit taxpayers of the requirements for documentation of transactions involving acquisition of goods (except for raw materials, materials, fixed assets, foreign currency, agricultural products and secondary raw materials included in the list defined by the Government) is detected during the complex tax inspection or measurements conducted by the tax authority, a penalty shall be imposed on the profit taxpayer in the amount of 20 percent of the acquisition price (value) of these goods. In case the violation is repeated within one year after the violation prescribed by this part is detected, a penalty shall be collected in the amount of 50 percent of the acquisition price (value) of the goods.

2. The penalty prescribed by this Article shall constitute a final tax liability for non—observance of the requirements for documentation of transactions involving acquisition of goods (except for raw materials, materials, fixed assets, foreign currency, agricultural products and secondary raw materials included in the list prescribed by the Government) for income tax calculation purposes (including also as a tax agent).

3. Within the meaning of imposing the penalties prescribed by this Article, where it is impossible to determine the acquisition price (value) of goods, the acquisition price (value) of the goods shall be the weighted average price of sales of the same goods substantiated by the bilateral settlement documents of the taxpayer during the quarter the violation was detected, and in the absence thereof — the price determined by the indirect methods prescribed by the Code.

(Article 406.1 supplemented by HO-340-N of 25 October 2023)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 407. Engaging in illegal activities

1. In case of detection of illegal activities as a result of the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, except for lease of immovable property, a penalty shall be imposed in the amount of 50 percent of the entrepreneurial income generated as a result of those activities calculated as prescribed by the Code, but not less than AMD 200 000. Within the meaning of this Article, entrepreneurial activities (except for activities prohibited by law) conducted without state registration (record-registration) prescribed by law or without record-registration with the tax authority shall be deemed illegal activities.

2. In case a fact of double and recurring violation (irrespective of the type of entrepreneurial activity being carried out) has been recorded as a result of operational and intelligence measures within one year after the violation prescribed by part 1 of this Article has been recorded, a penalty shall be imposed in the amount of 100 percent of the entrepreneurial income calculated in compliance with the Code as a result of those activities, but not less than AMD 500 000.

2.1. Where lease of immovable property in accordance with point 2 of part 7 of this Article due to operational and intelligence measures carried out in the manner prescribed by Law of the Republic of Armenia "On operational and intelligence activity" is deemed as entrepreneurial activity, a penalty in the amount of 5 per cent, but not more than AMD 500 thousand of the cadastral value approximated to the market value of immovable property estimated in the manner prescribed by Law shall be imposed on the lessor. In case of committing the violation defined by this part again within one year after recording it, a penalty shall be levied in the amount of 10 per cent, but not more than AMD one million of the cadastral value approximated to the market value of immovable property estimated in the manner prescribed by Law.

3. Where, pursuant to the Law of the Republic of Armenia “On licensing”, the illegal activities

being carried out are subject to licensing or, pursuant to the Law of the Republic of Armenia “On notification of carrying out activities”, are subject to notification, a compensation for damages shall also be imposed — besides the penalties prescribed by parts 1 and 2 of this Article — with respect to each type of activity, on persons having committed violations in the amount equal to the rate of the state duty (in case of an object for collecting annual state duty — equal to the state duty for one year) prescribed by law for issuing a licence or obtaining the right to engage in activities subject to notification. Where more than one types of illegal activities subject to licensing or notification are carried out and/or they are carried out in more than one places (in case of the requirement prescribed by law for carrying out the activities subject to licensing or notification only in the place mentioned in the licence or notification), compensation for damages in the amount of the state duty shall be made for each type of activity and/or for each place for carrying out activities separately, in the amount equal to the rate of the state duty prescribed by law.

4. During operative intelligence measures carried out for the purpose of detecting the violations prescribed by this Article, the official of the tax authority shall — upon the request of the taxpayer — submit the extract of the decision on carrying out operative intelligence measures.

5. Penalties prescribed by parts 1 and 2 of this Article shall be final tax liability with respect to illegal activities for those carrying out such activities.

6. Within the meaning of applying the penalties prescribed by this Article, in case of impossibility to determine the income of the person carrying out illegal activities entrepreneurial income shall be determined by the tax authority by applying the procedure prescribed by the Code for the indirect assessment of tax bases and tax liabilities.

7. Within the meaning of applying the legal acts regulating tax relations, the following activities conducted by citizens shall not be deemed entrepreneurial activity:

(1) alienation of personal property (including immovable property) and items, except for cases prescribed by the Code;

(2) transfer of property for lease or gratuitous use (except for cases prescribed by the Code), alienation of intangible assets and gaining interests;

Within the meaning of application of this part lease of immovable property shall not be considered as entrepreneurial activity, if the rights arising from the lease transaction of immovable property have been registered with the state, or the taxpayer has calculated the income tax from incomes received from the lease of immovable property in the manner prescribed by the Code, or a statement on the right to generate the income related to the immovable has been submitted to the tax authority within a period of five days following the day of actual occurrence of that right. The form and procedure for submission of the statement on the right to generate the income defined by this point and termination thereof shall be established by the tax authority.

Calculation of income tax from incomes received from lease or submission to the tax authority a statement on the right to generate the revenue related to immovable property without state registration of the rights arising from the lease transaction of immovable property may not constitute a ground for recognition of any right to leased property or declaring (recognising) the lease transaction valid.

(3) ***(sub-point repealed by HO-68-N of 25 June 2019)***

(4) transfer of electric power generated by a natural person being an independent energy generator using renewable energy resources for his or her needs — who is not an individual entrepreneur or a notary — to a person having a licence for distribution of electric power, including compensations received for such actions, where the rated capacity of their installations generating electric power does not exceed the total capacity of their located consumers of electric power, but not more than 150 kW;

(5) performance of works for the tax agent and/or provision of services to the tax agent within the framework of civil law contracts.

8. This article shall not apply:

(1) to natural persons who are not individual entrepreneurs record-registered and having obtained a patent as prescribed, with respect to that part of activities;

(2) to natural persons directly engaged in the production and sales of agricultural products, with respect to that part of activities, as well as to those natural persons, the entrepreneurial activities carried out whereby may — as prescribed by law — be carried out without state record-registration, with respect to that part of activities;

(3) to a non-resident natural person having a permanent establishment in the Republic of Armenia and a non-resident organisation having a permanent establishment in the Republic of Armenia, with respect to the activities attributed to that permanent establishment.

(Article 407 amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018, amended by HO-68-N of 25 June 2019, supplemented by HO-340-N of 25 October 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-340-N of 25 October 2023 has a transitional provision)

Article 408. Carrying out activities subject to licensing or notification without a licence or notification, or using the subsurface or natural resources without a permit or licence or carrying out activities without a licence

(title supplemented by HO-68-N of 25 June 2019)

1. In case of carrying out activities subject to licensing in compliance with the Law of the Republic of Armenia “On licensing” without a licence or carrying out activities subject to notification in compliance with the Law of the Republic of Armenia “On notification of carrying out activities” without notification, or using the subsurface or natural resources without a permit or licence (including where the validity of the licence or permit or the right to engage in activities subject to notification have been suspended as prescribed by law), detected during complex tax inspections and/or as a result of the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, a penalty shall be imposed on the organisation or an individual entrepreneur with respect to each type of activity, in the amount of the ten-fold of the state duty rate prescribed by law for issuing a licence or permit or obtaining the right to engage in activities subject to notification, but not less than AMD 500 000.

2. In case of detecting — by a complex tax inspection and/or as a result of operational and intelligence measures — the fact of double and recurring violation within one year after recording the violation prescribed by part 1 of this Article, a penalty shall be imposed on the organisation or individual entrepreneur in the amount of the twenty-fold of the state duty rate prescribed by law for issuing a licence or permit or obtaining the right to engage in activities subject to notification, but not less than AMD 1 million. Within the meaning of this Article, a violation shall be deemed double irrespective of the type of activity subject to licensing or notification or permitting.

3. In cases of detection of violations prescribed by parts 1 and 2 of this Article, compensation for damages in the amount equal to the state duty (in the case of an object of annual state duty — to the state duty for one year) rate prescribed by law for issuing the licence or obtaining the right to engage in activities subject to notification shall also be imposed on the organisation or individual entrepreneur having committed violations with respect to each type of activity. Where more than one types of activities subject to licensing or notification are carried out and/or they are carried out in more than one places (in case of the requirement prescribed by law for carrying out the activities subject to licensing or notification only in the place mentioned in the licence or notification), compensation for damages in the amount of the state duty shall be paid for each type of activity and/or for each place of operation separately in the amount corresponding to the rates prescribed by law. Compensation for damages prescribed by this part shall not be paid in the case mentioned in part 6 of this Article, as well as in cases when the validity of the licence or the right to engage in activities subject to notification has been suspended as prescribed by law.

4. During operative intelligence measures carried out for the purpose of detecting the violations prescribed by this Article, the official of the tax authority shall — upon the request of the taxpayer or the official thereof — submit the extract of the decision on carrying out operative intelligence measures.

5. Penalties prescribed by parts 1 and 2 of this Article shall not be applied in cases where the validity of the licence or permit or the right to engage in activities subject to notification has been suspended without the decision of the licensing authority, irrespective of whether or not it has been suspended by virtue of law.

6. ***(part repealed by HO-476-N of 27 October 2020)***

7. Where, during tax inspections and/or as a result of operational and intelligence actions taken as prescribed by the Law of the Republic of Armenia "On operational and intelligence activity", there has been detected that the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia "On state duty" have been carried out without a patent, a penalty shall be collected in the amount of AMD 500 thousand. Within the meaning of this part, calculation of the amount of the state duty less than prescribed by the same articles shall also be considered as carrying out the types of activities prescribed by Articles 19.7 and 19.8 of the Law of the Republic of Armenia "On state duty" without a patent. Within the meaning of application of this part, the amount of the state duty shall be considered as under-calculated also if the passenger transportation is carried out without a cash register machine or in violation of the rules for its use, when a penalty in the amount of AMD 200 000 is collected for each case.

(Article 408 supplemented by HO-68-N of 25 June 2019, amended by HO-476-N of 27 October 2020, supplemented by HO-395-N of 8 December 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-476-N of 27 October 2020 has a transitional provision)

Article 409. Engaging in a prohibited activity

1. In case of detection — during complex tax inspections and/or as a result of the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity” — of activities prohibited by law, a penalty shall be imposed in the amount of 100 percent of the sales turnover as a result of those activities calculated as prescribed by the Code but not less than AMD 10 million.

2. Within the meaning of this Article:

(1) those activities (including the action and function) performance whereof is prohibited in the Republic of Armenia (including in territories prescribed by law) or performance whereof is prohibited for a certain group of persons shall be deemed prohibited activities;

(2) carrying out activities subject to licensing or notification without a licence or notification, or using the subsurface or natural resources without a permit or licence shall not be deemed prohibited activities, except for cases where performance thereof is prohibited for the given group of persons.

3. For persons not having state registration (record-registration) as prescribed, the penalty stipulated in part 1 of this Article shall be a final tax liability with respect to the prohibited activities.

4. With regard to applying the penalties for carrying out prohibited activities prescribed by part 1 of this Article, in case of impossibility to determine the sales turnover of the person carrying out prohibited activities, sales turnover shall be determined by the tax authority by applying the procedure prescribed by the Code for the indirect assessment of tax bases and tax liabilities.

5. During operative intelligence measures carried out for the purpose of detecting the violations prescribed by this Article, the extract of the decision on carrying out operative intelligence measures shall be submitted upon request of the taxpayer or the official thereof.

(Article 409 amended by HO-261-N of 23 March 2018)

Article 410. Violation of mandatory requirements for the documentation of transactions involving supply or transportation of goods

1. In case of detection of violation of the requirements prescribed by the Code for the documentation of supply or transportation of goods, i.e. supply or transportation of goods with an accompanying document not meeting the requirements prescribed by the Code or without an accompanying document, during the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, except for cases prescribed by this Article, with respect to a transaction or an action which is a ground for violation:

(1) a penalty shall be imposed in the amount of 50 percent of the price (value) of the goods, but not less than AMD 500 000;

(2) where within one year after the violation mentioned in point 1 of this part has been recorded:

a. for the second time — a penalty shall be imposed in the amount of 100 percent of the price (value) of undocumented goods, but not less than AMD 2 million;

b. for the third time and further on — a penalty shall be imposed in the amount of 200 percent of the price (value) of undocumented goods, but not less than AMD 10 million.

2. Within the meaning of part 1 of this Article:

(1) a transaction or an action shall be deemed a ground for violation, where the violation of the requirements prescribed by the Code for the documentation of the supply or transportation of goods has actually been committed within the time limits prescribed by law for carrying out operational and intelligence measures;

(2) repeated occurrence of the violation prescribed by part 1 of this Article for the second, third and more times respectively within one year after the day of entry into force of the administrative act drawn up as a result of the operational and intelligence measures until the day of adoption of the administrative act being drawn up as a result of the operational and intelligence measures shall be deemed a fact of committing the violation for the second, third and more time.

3. In case of detection of violation — committed by taxpayers deemed an entity of micro-entrepreneurship as prescribed by the Code — of the requirements prescribed by the Code for the documentation of supply or transportation of goods, i.e. supply or transportation of goods with an accompanying document not meeting the requirements prescribed by the Code or without an accompanying document, during the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, a warning shall be applied, and in case the second fact prescribed by this part is recorded within one year after the application of the warning, the taxpayer shall cease to be deemed an entity of micro-

entrepreneurship from the day following the day of entry into force of the administrative act.

4. Within the meaning of part 3 of this Article:

(1) a transaction or an action shall be deemed a ground for violation, where the violation of the requirements prescribed by the Code for the documentation of the supply or transportation of goods has actually been committed at the moment of carrying out operational and intelligence measures;

(2) repeated occurrence of the violation prescribed by this part within one year after the day of entry into force of the administrative act drawn up as a result of the operational and intelligence measures until the day of adoption of the administrative act drawn up as a result of the operational and intelligence measures, shall be deemed the second fact of committing the violation.

5. In case of detection of violation — committed by a taxpayer carrying out activities in border settlements with unused lands due to military actions, included in the list approved by the Government and enjoying tax benefits — of the requirements prescribed by the Code for the documentation of supply or transportation of goods, i.e. supply or transportation of goods with an accompanying document not meeting the requirements prescribed by the Code or without an accompanying document, during the operational and intelligence measures, the type of liability prescribed by part 1 of this Article shall be applied. In case of detection of the violation prescribed by sub-point “a” of point 2 of part 1 of this Article, the taxpayer shall cease — from the day following the day of entry into force of the relevant administrative act — enjoying the benefit of exemption from taxes for the remaining period of the given year and in the course of one year following it.

6. In case the violations prescribed by this Article are detected and recorded as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, all the violations recorded during the same operational and intelligence measure carried out within the scope of the decision on conducting an operational and intelligence measure shall be considered and discussed within the framework of the same administrative proceedings as one case of recording a fact of violation.

7. During operative intelligence measures carried out for the purpose of detecting the violations prescribed by this Article, the extract of the decision on carrying out operative intelligence measures shall be submitted upon request of the taxpayer or the official thereof.

8. Within the meaning of applying the penalties prescribed by this Article, in case of impossibility to determine the price (value) of goods, the weighted average price of sales (realisation) of the same goods substantiated with both-side settlement documents by the taxpayer in the quarter of detecting the violation shall be deemed price (value) of the goods. Where the price of sales (realisation) of the same goods substantiated with both-side settlement documents are absent with the taxpayer in the quarter when the violation has been detected by the tax authority, the price (value) of the goods shall be calculated by the tax authority by applying the procedure prescribed by the Code for the indirect assessment of tax bases and tax liability.

9. In case of being transported by taxpayers acquiring goods with respect to goods supplied or transported without an accompanying document, the penalty prescribed by this Article shall not be applied to a taxpayer acquiring the goods, where the fact that the goods have been acquired from another taxpayer and the given taxpayer has not provided an accompanying document is substantiated at the time of recording the violation. In this case the penalty shall be applied to the taxpayer selling goods without providing an accompanying settlement document.

10. The provisions of this Article shall not apply to banks, insurance companies, professional participants in the securities market, payment and settlement and credit organisations.

11. Provisions of this Article shall be applicable to non-commercial organisations only with respect to entrepreneurial activities.

(Article 410 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-68-N of 25 June 2019, HO-245-N of 26 May 2021, HO-103-N of 12 April 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Article HO-103-N of 12 April 2022 has a transitional provision).

Article 411. Failure to post prescribed information at the taxpayer’s address of carrying out activities

(title edited by HO-95-N of 28 February 2024)

1. In case of failure by the taxpayer to post an announcement (mentioning the full name of the taxpayer; in case of individual entrepreneurs — the name, surname, patronymic of the natural person) prescribed by the tax authority at a more visible place (and in places of location and/or places of adoption of management decisions, of operational financial administration — on relevant signboards) of each address of carrying out activities thereof, the TIN, the address of the given place of activities and the type(s) of activities carried out at the given address, or if that announcement is

posted with incorrect data, a penalty shall be imposed in the amount of AMD 100 000 by a thematic tax inspection or field examination, with respect to information not posted or posted with inaccuracies at each address.

2. In case of committing the violation prescribed by part 1 of this Article again within one year after recording it by a thematic tax inspection or field examination, a penalty shall be imposed in the amount of AMD 200 000 with respect to each information not posted or posted with inaccuracies.

3. Within the meaning of this Article, committing the violation prescribed by part 1 of this Article within one year from the date of the thematic tax inspection act or protocol on field examination until the date of the next draft thematic tax inspection act or protocol on field examination shall be deemed committing the violation again.

(Article 411 edited by HO-95-N of 28 February 2024)

Article 412. Failure to document the recruitment of a worker as prescribed by the legislation of the Republic of Armenia and/or to submit an application for registration of a worker within the time limit prescribed, as well as engaging a volunteer without concluding the volunteer employment contract prescribed by Law “On volunteer work”

(title supplemented by HO-204-N of 14 June 2023)

1. In case of failure to document the hiring of a worker in writing as prescribed by the legislation of the Republic of Armenia (i.e. absence of an individual legal act and a written contract on hiring the worker) and/or in case the fact of failure to submit an application on registration of a new worker in cases and within the time limit prescribed by part 2 of Article 156 of the Code, as well as in case the fact of engaging a volunteer without concluding the volunteer employment contract prescribed by Law “On volunteer work” is recorded during the complex or thematic tax inspections carried out by the tax authority as prescribed by the Government, and during the operational and intelligence measures taken against entities carrying out illegal activities, as prescribed by the Government of the Republic of Armenia, a penalty in the amount of AMD 250,000 for each undocumented hired worker or each person engaged in volunteer work shall be imposed on the employer (including on those carrying out illegal activities or on natural persons record-registered and being granted a patent who are not individual entrepreneurs) or on the organisation defined by point 3 of part 1 of Article 3 of Law “On volunteer work”. Upon establishing the fact of failure by the official carrying out tax control to document in the manner prescribed by the legislation of the Republic of Armenia the appointment of the employee to work (that is, absence of an individual legal act or written contract on appointment to work) and/or failure to submit an application on registration within the time limits prescribed by the Code, the identification of a person may be carried out using official (non-personal) technical means allowing to identify the persons included in the list specified by the tax authority.

2. Within the meaning of part 1 of this Article, the penalty prescribed for the failure to submit an application on registration of a new worker in cases and within the time limit prescribed by part 2 of Article 156 of the Code shall be applied only in the case, where an actual performer of work has been detected by a complex or thematic tax inspection, the application on registration for whom has not been submitted by the end of the day preceding the day of actually commencing the inspection and in case of actually starting the work on the day of accepting the work, by 14:00 on the day of accepting the work.

(Article 412 amended by HO-261-N of 23 March 2018, edited by HO-338-N of 21 June 2018, supplemented by HO-68-N of 25 June 2019, HO-204-N of 14 June 2023, amended, supplemented by HO-95-N of 28 February 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 413. Property which is object of tax offence

1. Property which is an object of tax offence shall be subject to confiscation as prescribed by part 5 of Article 400 of the Code:

(1) in the case of realisation of unstamped goods which are subject to stamping with label stamps or stamps as prescribed by Articles 389 and 390 of the Code, as well as stamped with illegally acquired label stamps or stamps;

(2) in the case of violation of the rule for stamping with excise stamps and/or label stamps prescribed by Article 424 of the Code, where the total value of goods being alienated exceeds AMD 50 000 based on the prices indicated (and in case of not being indicated — as prescribed by the Code) with the seller;

(3) in the case of realisation of goods included in the list prescribed by the Government, while conducting illegal activities prescribed by Article 407 of the Code.

(Article 413 amended by HO-261-N of 23 March 2018)

Article 414. Failure to register operations for purchase and sale of foreign currency as prescribed

1. In case of failure by those carrying out activities of purchase and sale of foreign currency to register operations for purchase and sale of foreign currency as prescribed by the Central Bank of the Republic of Armenia, a penalty shall be imposed on taxpayers in the amount of 25 percent of the sum total of the currency exchanged through the unregistered operation, expressed in drams of the Republic of Armenia.

2. In case of committing the violation prescribed by part 1 of this Article again within one year after the violation has been recorded by the tax authority, a penalty shall be imposed in the amount of 50 percent of the sum total of the currency exchanged through the unregistered operation, expressed in drams of the Republic of Armenia.

3. Within the meaning of this Article, committing the violation prescribed by part 1 of this Article within one year from the date of the complex or thematic tax inspection act or the examination protocol until the date of the next draft complex or thematic tax inspection act or the draft examination protocol shall be deemed committing the violation again.

(Article 414 amended by HO-185-N of 25 March 2020)

Article 415. Issuing and/or receiving paper-transfer documents

1. By the results of a complex tax inspection, a penalty shall be imposed on the organisation, individual entrepreneur or notary having issued and/or received paper-transfer documents in the amount of the deviation (in monetary terms) prescribed by the Code for it to be deemed paper-transfer mentioned in the document certifying the actual performance of the transaction (supplied goods, provided services or performed works), and in case no actual transaction has been made between the parties — of the amount mentioned in the paper-transfer document. In case the amount of penalty calculated in compliance with this part is less than AMD 1 million, the penalty shall be applied in the amount of AMD 1 million.

2. In case of repeating the violation prescribed by part 1 of this Article again within one year after the violation has been recorded by the tax authority, by the results of the complex tax inspection, a penalty shall be imposed on the organisation, individual entrepreneur or notary having issued and/or received paper-transfer documents in the amount of two-fold of the deviation (in monetary terms) prescribed by the Code for it to be deemed paper-transfer mentioned in the document certifying the actual performance of the transaction (supplied goods, provided services or performed works), and in case no actual transaction has been made between the parties — in the amount of two-fold of the amount mentioned in the paper-transfer document. In case the amount of penalty calculated in compliance with this part is less than AMD 2 million, the penalty shall be applied in the amount of AMD 2 million.

3. Within the meaning of this Article, committing the violation prescribed by part 1 of this Article within one year from the date of the complex tax inspection act until the date of the next draft complex tax inspection act shall be deemed committing the violation again.

4. The penalty prescribed by this Article shall be applied to the organisation, individual entrepreneur or notary having received a paper-transfer document only in the case where the document has been certified by the receiver and served as a ground for the calculation and/or payment of taxes and/or fees.

Article 416. Failure to comply with the rules for the application of cash register machines and/or for cash settlements made by cash register machines

1. In cases prescribed by part 1 of Article 380 of the Code, a penalty in the amount of AMD 500 000 shall be imposed on an organisation, individual entrepreneur or a notary for the absence — at the moment and at the place or an itinerant trade point of making cash settlements in cash or via payment cards or other payment instruments applied on the basis of payment technologies — of a cash register machine which meets the technical requirements and is registered with the tax authority at the address of that place or an itinerant trade point, or for non-registration with the tax authority of a cash register machine at the address of that place or an itinerant trade point which meets the technical requirements.

2. An organisation, individual entrepreneur or a notary shall be penalised for each violation of the rules for using cash register machines (except for the case prescribed by part 4 of this Article) in the

amount of sum total of AMD 200 000 and 0.5 percent of turnover of the given taxpayer recorded by all cash register machines during the previous quarter, but not more than AMD 10 million.

3. The previous quarter mentioned by parts 2 and 4 of this Article shall be established as the quarter preceding the quarter which includes the date of drawing the protocol envisaged by part 1 of Article 339.1 of the Code.

4. Where the cash register machine software is integrated with external (commercial) software, the organisation, individual entrepreneur or the notary shall be penalized in the amount of sum total of AMD five million and one percent of turnover of the given taxpayer recorded by all cash register machines during the previous quarter for sending to the tax authority — as a result of intervention of mentioned software and/or cash register machine software — information other than the information on the goods printed in the receipt of the cash register machine, on the name of performed work or provided service, CN FEA code, quantity and/or volume or value of the work or service.

5. Irrespective of the provisions of part 1 of this Article, in the case of detection for the first time — at the moment and place of making cash settlements — of use of a cash register machine registered with the tax authority at that address, but not meeting the technical requirements prescribed by the Government for a cash register machine, a warning shall be applied.

(Article 416 supplemented by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, HO-338-N of 21 June 2018, HO-68-N of 25 June 2019, supplemented by HO-280-N of 1 June 2020, edited by HO-103-N of 12 April 2022, supplemented, edited by HO-95-N of 28 February 2024, amended by HO-491-N of 4 December 2024)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-280-N of 1 June 2020 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision).

Article 417. Failure to comply with the rules for suspension of activities

(Article repealed by HO-103-N of 12 April 2022)

(Law HO-103-N of 12 April 2022 has a transitional provision).

Article 418. Failure to register cash register operations in the cash book, violation of the rules for maintaining a cash book

1. In case of failure to register cash register operation in the cash book, a penalty shall be imposed on the taxpayer in the amount of AMD 50 000.

2. In case of committing the violation prescribed by part 1 of this Article again within one year following the recording thereof by a complex tax inspection act, a penalty shall be imposed on the taxpayer in the amount of AMD 100 000.

3. In case of violating the procedure prescribed for registration or maintenance of the cash book, a penalty shall be imposed on the taxpayer in the amount of AMD 20 000.

4. In case of committing the violation prescribed by part 3 of this Article again within one year following the recording thereof by a complex tax inspection act, a penalty shall be imposed on the taxpayer in the amount of AMD 50 000.

5. Within the meaning of parts 2 and 4 of this Article, committing the violation prescribed by parts 1 or 3 of this Article respectively within one year from the date of the complex tax inspection act until the date of the next draft complex tax inspection act shall be deemed committing the violation again.

Article 419. Failure to comply with restrictions on cash register operations

1. In case of failure to comply with the restrictions on payment of amounts in cash prescribed by Article 386 of the Code, a penalty shall be imposed on the taxpayer in the amount of five percent of the sum total of the amounts exceeding permissible limit of payment of amounts in cash (violation amounts), but not less than AMD 500 000, and not more than AMD 2 million.

2. In case of committing the violation mentioned in part 1 of this Article again within one year after it has been recorded, a penalty shall be imposed on the taxpayer in the amount of ten percent of the sum total of violation amounts, but not less than AMD 1 million, and not more than AMD 4 million.

3. In case of failure to comply with the restrictions on receiving amounts in cash prescribed by Article 386 of the Code, a penalty shall be imposed on the taxpayer in the amount of five percent of the sum total of the amounts exceeding the permissible limit for accepting amounts in cash (violation

amounts), but not less than AMD 500 000, and not more than AMD 2 million.

4. In case of committing the violation mentioned in part 3 of this Article again within one year after it has been recorded, a penalty shall be imposed on the taxpayer in the amount of ten percent of the sum total of violation amounts, but not less than AMD 1 million, and not more than AMD 4 million.

5. The penalties prescribed by parts 1-4 of this Article for the failure to comply with the restrictions on payment of amounts in cash and/or accepting amounts in cash prescribed by Article 386 of the Code shall be applied in the period covered by the complex tax inspection:

(1) to the total of violation amounts of the maximum limits of payment of amounts in cash prescribed by the Code for each transaction involving acquisition of goods, accepting works, receiving services;

(2) to the total of violation amounts of the maximum limits for accepting amounts in cash prescribed by the Code for each transaction involving supply of goods, performance of works, provision of services;

(3) to the total of violation amounts of the maximum limit for payment of an amount in cash prescribed by the Code for transactions involving acquisition of goods, accepting works, receiving services during one month;

(4) to the total of violation amounts of the maximum limit for payment of an amount in cash prescribed by the Code for transactions involving supply of goods, performance of works, provision of services during one month.

6. Within the meaning of the following points of part 5 of this Article:

(1) point 3 — amounts paid in cash for those transactions involving acquisition of goods, accepting works, receiving services, with respect whereto the maximum limits for payment of amounts in cash for each transaction involving acquisition of goods, accepting works, receiving services prescribed by Article 386 of the Code have been violated, shall not be included in the sum total of violation amounts;

(2) point 4 — amounts received in cash for those transactions involving supply of goods, performance of works, provision of services, with respect whereto the maximum limits for payment of amounts in cash for each transaction involving supply of goods, performance of works, provision of services, prescribed by Article 386 of the Code have been violated, shall not be included in the sum total of violation amounts.

7. Within the meaning of parts 2 and 4 of this Article, committing the violation prescribed by parts 1 or 3 of this Article respectively within one year from the date of the complex tax inspection act until the date of the next draft complex tax inspection act shall be deemed committing the violation again.

8. According to the Law of the Republic of Armenia “On non-cash operations”, in case of failure to comply with the restrictions on paying or receiving amounts in cash, a penalty shall be imposed on the taxpayer in the amount of five percent of the sum total of the amounts exceeding the permissible limit for paying amounts in cash (violation amounts); this amount shall not be less than AMD 500 000 and not more than AMD 2 million.

9. In case of committing the violation referred to in part 8 of this Article again within one year after it has been recorded, a penalty shall be imposed on the taxpayer in the amount of ten percent of the sum total of violation amounts, but not less than AMD 1 million and not more than AMD 4 million. Within the meaning of application of this part, committing the violation prescribed by part 8 of this Article within one year from the date of the complex tax inspection act or record on examination of the test purchase until the date of the next draft complex tax inspection act or record on examination of the test purchase shall be deemed committing the violation again.

10. In case of failure to accept non-cash payments by payment cards in the cases and manner prescribed by the Law of the Republic of Armenia "On non-cash operations", including failure to provide the opportunity of accepting non-cash payments by payment cards, a penalty shall be imposed on the taxpayer in the amount of AMD 300 000.

11. In case of committing the violation referred to in part 10 of this Article again within one year after it has been recorded, a penalty shall be imposed on the taxpayer in the amount of AMD 400 000. Within the meaning of application of this part, committing the violation prescribed by part 10 of this Article within one year from the date of the protocol on test purchase examination until the date of the next draft protocol on test purchase examination shall be deemed committing the violation again.

(Article 419 amended by HO-68-N of 25 June 2019, supplemented by HO-20-N of 18 January 2022, amended, supplemented, edited by HO-299-N of 7 July 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-20-N of 18 January 2022 has a transitional provision)

(Law HO-299-N of 7 July 2022 has a transitional provision)

Article 420. Calculating less the baseline data or coefficient for calculation of patent tax

(Article repealed by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 421. Carrying out activities without a patent

(Article repealed by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 422. Failure to return, accept back excise stamps and/or label stamps within the time limit prescribed, or their loss

1. In case of delaying the return of unused or damaged excise stamps and/or label stamps (except for defective excise stamps and/or label stamps) by violating the time limits prescribed by parts 1 and 2 respectively of Article 396 of the Code or failing to be accepted back by the tax authority in cases prescribed by part 6 of Article 396 of the Code or loss thereof, a penalty shall be calculated in the amount of:

(1) AMD 50 for each excise stamp and/or label stamp in the quantity of up to one percent (inclusive) of the number of excise stamps and/or label stamps received during the previous tax year in case of delaying the return of excise stamps and/or label stamps by violating the time limits prescribed or when excise stamps and/or label stamps are not accepted back by relevant tax or customs authorities or in case they are lost;

(2) AMD 100 for each excise stamp and/or label stamp in the quantity from 1 to 10 percent (inclusive) of the number of excise stamps and/or label stamps received during the previous tax year in case of delaying the return of excise stamps and/or label stamps by violating the time limits prescribed or when excise stamps and/or label stamps are not accepted back by the relevant tax or customs authorities or in case they are lost;

(3) AMD 300 for each excise stamp and/or label stamp in the quantity from 10 to 50 percent (inclusive) of the number of excise stamps and/or label stamps received during the previous tax year in case of delaying the return of excise stamps and/or label stamps by violating the time limits prescribed or when excise stamps and/or label stamps are not accepted back by the relevant tax or customs authorities or in case they are lost;

(4) AMD 500 for each excise stamp and/or label stamp in a quantity over 50 percent of the number of excise stamps and/or label stamps received during the previous tax year in case of delaying the return of excise stamps and/or label stamps by violating the time limits prescribed or when excise stamps and/or label stamps are not accepted back by the relevant tax or customs authorities or in case they are lost.

2. The previous tax year prescribed by part 1 of this Article shall be deemed to be:

(1) in case of delaying the return of unused or damaged excise stamps and/or label stamps by violating the time limits prescribed by parts 1 and 2 respectively of Article 396 of the Code — the tax year preceding the tax year that includes the date of drawing up the administrative act adopted by the head of the tax authority or the official authorised thereby;

(2) in case of failure by the tax authority to accept back in the cases prescribed by part 6 of Article 396 of the Code — the tax year preceding the tax year that includes the date on which the decision on conformity (non-conformity) with the requisites established by part 6 of Article 396 of the Code;

(3) in case of loss of excise stamps and/or label stamps — the tax year preceding the tax year including the date of drawing up the administrative act adopted by the head of the subdivision authorised by the tax authority as a result of the administrative proceeding instituted on the basis of the application (letter) of the taxpayer on the loss of excise stamps and/or label stamps.

3. In case the taxpayer has failed to obtain the excise stamps and/or label stamps during the previous tax year, in the event of delaying the return of excise stamps and/or label stamps by violating the time limits prescribed or failure by the tax authority to accept them or loss thereof, a fine shall be calculated for each excise stamp and/or label stamp in the amount of AMD 50.

4. Irrespective of the provisions of this Article, in case of return of unused excise stamps and/or label stamps not having been returned within the time limits prescribed until the date of adoption of the administrative act by the head of the tax authority or his or her authorised official within the scope of administrative proceedings instituted in accordance with the provisions of the law “On fundamentals of administration and administrative proceedings” for delaying the return of stamps and/or label stamps specified by this Article by violating the time limits prescribed and submission by

the tax authority of the act of return thereof to the body conducting proceedings, for each excise stamp and/or label stamp with respect thereof a fine in the amount of AMD 100, but not more than AMD 100 000 shall be calculated and levied.

5. Within the meaning of this Chapter, the excise stamps and/or label stamps damaged during stamping, the amount whereof does not exceed 0.5 percent of used label stamps mentioned in the last report submitted pursuant to part 4 of Article 393 of the Code shall be considered as defective.

(Article 422 amended by HO-338-N of 21 June 2018, amended, supplemented by HO-408-N of 16 December 2021, amended by HO-88-N of 23 March 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 423. Compensation for expenses on printing excise stamps and/or label stamps

1. For damaged or defective excise stamps and/or label stamps stuck on goods not eligible for stamping and registered electronically via the electronic system of issuing, registering excise stamps and/or labels, submitted for return within the period prescribed by part 2 of Article 396 of the Code and accepted back by the tax authority, expenses of the tax authorities made for printing those excise stamps and/or label stamps shall be imposed on the taxpayer as a compensation.

2. In case of failure to write off the goods mentioned in Articles 389 and 390 of the Code as prescribed by the Government, expenses of the tax authorities made for printing of those excise stamps and/or label stamps stamped on those goods shall be collected from the taxpayer as a compensation.

3. In case it is not possible, within the meaning of application of parts 1, 2 and 4, to determine the expenses of the tax authorities for printing of stamps and/or labels, those expenses are calculated taking as a basis the prices set at the moment of calculation of expenses and prescribed for stamps and/or labels by the decision of the Government.

4. Expenses of the tax authority made for printing of excise stamps and/or label stamps shall be collected as a compensation from the taxpayer bearing the obligation of stamping in case of stamping of goods exported from the territory of the Republic of Armenia by taxpayers bearing the obligation for stamping in accordance with the Code, as well as stamping of goods designated for sale at the duty-free shops, where the number, series, reference numbers (including by intervals) of stamps (label stamps) and number and date of invoice certificate of receipt thereof are mentioned in the customs declaration of those goods (transit declaration — in case they are exported to member states of the Eurasian Economic Union).

(Article 423 amended by HO-261-N of 23 March 2018, amended and supplemented by HO-338-N of 21 June 2018, HO-408-N of 16 December 2021)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 424. Violation of the rules for stamping with excise stamps and/or label stamps

1. In case of alienation of goods subject to stamping in a way not excluding the possibility of use of excise stamps and/or label stamps more than once or without electronic registrations with regard thereto as prescribed, or not complying with registrations with respect to excise stamps and/or label stamps made electronically, via the electronic system of issuing, registering excise stamps and/or labels, or under part 2 of point 7 of Article 393 of the Code, where — based on the prices indicated with the seller (and if not indicated — as prescribed by the Code) — the total value of goods mentioned in the issued settlement documents, eligible for stamping, and/or the total value of those goods at the place intended for alienation:

(1) does not exceed AMD 50 000, the person bearing the obligation of stamping as prescribed by Article 391 of the Code shall pay a penalty in the amount of AMD 500 000;

(2) exceeds AMD 50 000, the person bearing the obligation of stamping as prescribed by Article 391 of the Code shall pay a penalty in the amount of 100 percent of the total value of the goods, but not less than AMD 1 500 000.

(Article 424 amended by HO-198-N of 24 October 2019, supplemented by HO-408-N of 16 December 2021)

Article 424.1 Violation of the time limit for the supply of goods to the organiser of a duty-free shop

In case of violation of the time limit prescribed by point 3 of part 2 of Article 89 of the Code, the

centralised supplier shall pay the penalty for the goods having failed to supply to the organiser of the duty-free shop (as well as in case of detecting the violation prescribed by this part as a result of office examination) in the amount of the two-fold of the excise tax calculated as prescribed by the Code for the goods having failed to supply to the organiser of a duty-free-shop within the prescribed time-limit.

(Article 424.1 supplemented by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 425. Violation of restrictions on issuing tax invoices

1. In case of issuing a tax invoice in violation of the limitations on issuing tax invoices prescribed by part 1 of Article 67 of the Code, taxpayers shall be obliged to pay the VAT amounts reflected separately in the tax invoice to the State Budget, unless the issued tax invoice has been revoked as prescribed.

2. In case of transactions involving supply of goods, performance of works or provision of services on a gratuitous basis or at a significantly lower price of compensation than the actual value, as prescribed by part 6 of Article 62 of the Code, organisations and natural persons shall be obliged to pay, in the procedure established by law, to the State Budget the positive difference between the VAT amount corresponding to the VAT base calculated as prescribed by part 6 of Article 62 of the Code and the VAT amount reflected separately in the tax invoice.

(Article 425 amended and supplemented by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 426. Issuing a tax invoice in violation of the prescribed procedure

1. In case of issuing a tax invoice or an adjusting tax invoice in violation of the procedure prescribed by the Government, the person issuing the tax invoice or the adjusting tax invoice shall pay a penalty in the two-fold of the amount (including the VAT amount) of compensation in full value of the tax invoice or adjusting tax invoice, but not less than AMD 5 million.

(Article 426 amended by HO-261-N of 23 March 2018)

Article 427. Time limits for paying the penalty, amount for compensation for damages and the compensation

1. Penalties prescribed by this Section of the Code and amounts paid as a compensation for damages prescribed by Article 407 of the Code shall be paid to the relevant budget within the time limits prescribed by part 6 of Article 398 of the Code.

2. The amount of compensation of expenses on printing excise stamps and/or label stamps prescribed by Article 423 of the Code shall be paid within ten days following the date of the relevant administrative act.

(Article 427 amended by HO-68-N of 25 June 2019, HO-103-N of 12 April 2022)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-103-N of 12 April 2022 has a transitional provision).

Article 428. Imposing an amount of penalty, amount for compensation for damages and compensation

1. In case the violations prescribed by Articles 407-410 of the Code are detected and recorded as a result of the operational and intelligence measures carried out as prescribed by the Law of the Republic of Armenia “On operational and intelligence activity”, tax liabilities shall be calculated and proposed for collecting within the framework of administrative proceedings initiated by the tax authority in compliance with the provisions of the Law of the Republic of Armenia “On fundamentals of administration and administrative proceedings” and the administrative act adopted as prescribed by the same law by the head of the tax authority or the official authorised thereby.

2. Penalties envisaged by Articles 402.1, 402.2 and 422 of the Code, fines envisaged by Article 402.2 of the Code and the amount of compensation prescribed by Article 423 of the Code shall be calculated and proposed for collecting within the framework of administrative proceedings initiated by the tax authority in compliance with the provisions of the Law of the Republic of Armenia “On fundamentals of administration and administrative proceedings” and the administrative act adopted as prescribed by the same law by the head of the tax authority or the official authorised thereby.

(Article 428 amended by HO-86-N of 23 March 2022)

SECTION 19

SECURING THE DISCHARGE OF TAX LIABILITIES

CHAPTER 78

GROUNDS, PROCEDURE FOR PUTTING A LIEN ON PROPERTY AND REMOVAL OF A LIEN ON PROPERTY

Article 429. Lien on property

1. The lien on property shall be an action carried out by the tax authority aimed at restriction of property rights of the taxpayer with the view to securing the discharge of a tax liability. The lien on property shall be put by way of restricting the right of the taxpayer to dispose of, possess or use the monetary funds available on the bank accounts and/or cash register as well as other property of the taxpayer in the amount of the tax liabilities.

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

Article 430. Grounds for putting a lien on property

1. In case the amount of the non-discharged tax liability is AMD 1 500 000 or more, where the evidence, already obtained in the course of the administrative action carried out by the tax authority, provides sufficient grounds to assume that the taxpayer may conceal, damage or exhaust the property necessary for execution of the administrative act adopted by the tax authority, the head of the tax authority shall, as prescribed by law, have the right to publish a letter of instruction on putting a lien on the property of the taxpayer.

2. The lien on property by the tax authority may be applied with the sole purpose of securing the discharge of a tax liability under the supervision by the tax authority. Only property necessary for securing the discharge of a tax liability shall be subject to lien in the amount of the tax liabilities. The tax authority shall put a lien on the property of the taxpayer, irrespective of who holds it. The lien may not be applied against the property which cannot be collected under the law or where the expiry date thereof is less than three months at the point the lien is put. A lien may not be put on bank, custodian or pension accounts and monetary funds of banks, payment and settlement organisations, investment funds (including pension funds) and insurance (re-insurance) companies.

(Article 430 supplemented by HO-220-N of 22 April 2020)

(Law HO-220-N of 22 April 2020 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

Article 431. Procedure for applying a lien on property

1. The head of the tax authority shall publish a letter of instruction on imposition of a lien on property in two copies. The letter of instruction on imposition of a lien shall contain the name, surname, position of the official publishing the letter of instruction, year, month and day of issuing the letter of instruction, name of the body putting the lien, position, name, surname of the official(s) carrying out the lien on property, name, surname of the taxpayer, in case of an organisation, full name thereof, TIN, where available, and in case of VAT payers, also the VAT identification number, the amount of non-discharged tax liability and the legal grounds for putting a lien. While putting a lien, one copy of the letter of instruction shall be sent to the taxpayer.

2. A lien on the property of the taxpayer shall be applied in the following order:

(1) monetary funds available on bank accounts;

(2) cash monetary funds available on cash register;

(3) other property subject to lien.

3. A lien on property under each subsequent category shall be applied only after applying a lien on property under the preceding category. Without applying a lien on property under the preceding category, a lien on property under the subsequent category may be applied where it is obvious that the value of the property under the preceding category is insufficient for satisfying the claims. Moreover:

(1) a lien on property under each subsequent category shall be applied only to the extent, which is not secured after putting a lien on the property under the preceding category;

(2) in case when the tax liability is completely secured by the lien put on the property under the subsequent category, the tax authority must adopt a decision on removing the lien on property under the preceding category.

4. The official carrying out the lien on property of the taxpayer shall, within three days after the letter of instruction on putting a lien on the property is published, adopt a decision on putting a lien on the property of the taxpayer, which shall contain the year, month, day, place of adoption of the decision, position of the person having adopted the decision, his or her name, surname, issue under examination, in case of carrying out a lien on monetary funds available on bank accounts or cash registers of the taxpayer, also the amount subject to lien, grounds for the decision adopted, referring to laws or other legal acts by which the person adopting the decision has been guided in adopting it, and the conclusion on the issue under examination.

5. In case of absence, insufficiency of the property or having no information on the place of the taxpayer, the official carrying out a lien shall draw up a relevant record as prescribed by the tax authority.

6. When putting a lien on the property, the official carrying it out shall determine types, extent of restrictions for each case, taking account of the features of the property, its significance for the owner or the possessor and the amount of the tax liability. The book value of the property shall be deemed to be the value of the property.

7. The taxpayer shall be warned of being subjected to administrative or criminal liability in case of wasting, alienating, concealing or illegally transferring to another person the property under lien or separate components thereof.

8. The decision on putting a lien shall be mandatory for the officials of all state bodies, local self-government bodies, organisations and natural persons and shall be subject to execution throughout the entire territory of the Republic of Armenia. A copy of the decision on putting a lien shall, no later than the day following day of its adoption, be duly sent to the taxpayer, as well as to other persons and organisations.

9. The official carrying out a lien on the property may not prohibit the representative of the taxpayer to take part in the carrying out of the lien on the property. Within the meaning of this Article, a person whose powers are approved by the procedure prescribed by the Civil Code of the Republic of Armenia shall be deemed to be the representative of the taxpayer.

10. A lien on property may be carried out from 8.00-18.00 o’clock.

11. In the event of repaying no less than 20 per cent of the tax liabilities, when a lien is imposed on the property, as prescribed by this Article, and upon existence of relevant grounds prescribed by the Code, the head of the tax authority shall, based on the application of the taxpayer, replace imposition of a lien on the property, as a measure for securing tax liabilities, with other measures for securing tax liabilities, the duration whereof may be prescribed for a period of up to 9 months. The form of the letter of instruction on replacing imposition of a lien on the property with other measures for securing tax liabilities, as prescribed by the Code, shall be prescribed by the head of the tax authority. The letter of instruction shall be issued in two copies, one copy whereof shall be submitted to the taxpayer within one working day.

11.1

12. In case of hindering the performance of activities of the official putting a lien on the property of the taxpayer within the scope of his or her powers, the official putting a lien shall, as prescribed by the Administrative Offences Code of the Republic of Armenia, record the fact of hindrance, apply to law enforcement authorities to receive support for eliminating the hindering circumstances and, with their assistance, continue the activities of putting a lien on the property.

13.

(Article 431 amended and edited by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

(Article as amended by Law HO-209-N of 11 April 2024 shall enter into force on 1 January 2025)

Article 432. Removing a lien on property

1. A lien put on the property as prescribed by this Article shall be removed where:

(1) the tax authority has failed to submit a relevant request to the compulsory enforcement service or to a court within the time limits and through the procedure prescribed by the Law of the Republic of Armenia “On fundamentals of administrative action and administrative proceedings” after the individual legal act adopted on the taxpayer has become unappealable;

(2) the tax liability of the taxpayer has terminated or the amount of tax liability has been levied as prescribed by the Code;

(3) the head of the tax authority has published a letter of instruction on replacing the measure of property lien for securing, as prescribed by the Code, the tax liabilities with other measures for securing the tax liabilities and the lien has been replaced with other measure for securing tax liabilities;

(4) the individual legal act on collecting the amount of tax liability secured by the lien has been declared invalid through judicial or extra-judicial procedure.

(5)

2. After the amount required for the purpose of satisfying the tax liability has been credited to the relevant treasury account or after the head of the tax authority has published a relevant letter of instruction on replacing the measure of property lien for securing the tax liabilities with other measures for securing the tax liabilities and after the lien has been replaced with other measure for securing the tax liabilities, the official of the tax authority carrying out the lien shall be obliged to send immediately an order to relevant persons and organisations on removing the lien. In case of failure by the tax authority to submit the mentioned order in case of lien on monetary funds available on the bank accounts within the time limits prescribed, the taxpayer shall have the right to submit to the relevant bank the receipt of payment of the tax liability or a document certifying the collecting of the amount of the liability as prescribed by the Code or the relevant letter of instruction published by the head of the tax authority on replacing the measure of property lien for securing the tax liabilities with other measures for securing the tax liabilities and the relevant document on replacing lien with other measure for securing the tax liabilities, after which the given bank shall, within one working day, make an enquiry to the tax authority on removing the lien. Where the bank does not receive a refusal from the tax authority within one working day after sending the enquiry, the lien shall be removed.

3. The tax authority may not refuse the enquiry on removing the lien in case one of the following grounds exists:

(1) amount of the tax liability has been credited to the relevant treasury account;

(2) according to the data of the tax authority, repayment of the amount of the tax liability has been conducted as prescribed by the Code;

(3) head of the tax authority has published a relevant letter of instruction on replacing the measure of property lien for securing the tax liabilities with other measures for securing the tax liabilities and the lien has been replaced with other measure for securing the tax liabilities.

4. Persons and authorities having applied lien shall be obliged to immediately remove the lien they have applied, where the taxpayer submits a receipt certifying incomplete payment of the liability or a relevant letter of instruction published by the head of the tax authority on replacing the measure of property lien for securing the tax liabilities with other measures for securing the tax liabilities.

5. The decision on putting a lien on the property may be appealed against within the time limits prescribed for appealing against the individual legal act on collecting the amount of the tax liability from the taxpayer. The decision on putting a lien on the property shall become unappealable at the same time when the individual legal act on collecting the amount of the tax liability from the taxpayer becomes unappealable. Appealing against the decision on putting a lien on the property through extra-judicial procedure shall not suspend the execution of the decision.

6. Wasting, alienating, concealing, illegally transferring to another person, damaging or destroying the property under lien shall be prohibited.

(Article 432 amended by HO-261-N of 23 March 2018, supplemented by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

Article 433. Putting a lien on the monetary funds available on bank accounts

1. The process of putting a lien on the monetary funds available on the bank accounts prescribed by this Article shall be conducted through an electronic system, the procedure and conditions for operation whereof shall be prescribed by a joint legal act of the Central Bank of the Republic of Armenia and the public administration body authorised by the Government. The decision on putting a lien on the monetary funds available on the bank accounts of the taxpayer shall be forwarded to banks and state authorities through the electronic system.

2. Commercial banks shall immediately put a lien on the monetary funds available on the bank accounts of the taxpayer at the point of receiving the decision (including those available on bank accounts opened after receiving the decision) in the amount of the liability prescribed by the decision whereon the commercial banks submit information (including on the sum available in the given bank accounts belonging to the taxpayer on which a lien has been put in the amount of the liability) to the tax authority. By the decision on putting a lien on the monetary funds available on the bank accounts, lien shall be firstly put on the Armenian dram current accounts, and in case the monetary funds available thereon are insufficient, the lien shall, in sequence, be put on the foreign currency current accounts, Armenian dram deposit accounts, foreign currency deposit accounts.

3. In case no monetary funds are available on the bank accounts of the taxpayer or the available means are insufficient, the banks shall be obliged to put a lien on the funds further credited to bank accounts of the taxpayer until the amount is secured in the amount of the mentioned tax liability by the decision on putting a lien on the monetary funds available on the bank accounts or until the decision on putting a lien is repealed or the cases of removing the lien provided for by the Code occur.

4. In case when a lien is put on the monetary funds available on more than one bank account of the taxpayer as a result of imposing a lien on the monetary funds available on the bank accounts, and the total sum under lien exceeds the amount of tax liability or the amount of the tax liability is secured by monetary funds available on one of the bank accounts, the tax authority shall, based on the information received from commercial banks, calculate the sums under lien on bank accounts, as a result whereof it shall send an instruction to the commercial bank (banks), which have applied, based on the same decision on putting a lien, a lien in excess of the liability of the taxpayer, to remove or to reduce the liens put on the sums in excess of the amount of the tax liability. After receiving the mentioned instruction, the commercial bank (banks) shall, within one working day, be obliged to remove or reduce the lien, and to submit relevant information to the tax authority.

5. ***(part repealed by HO-338-N of 21 June 2018)***

6. ***(part repealed by HO-338-N of 21 June 2018)***

7. The decision on putting a lien on the monetary funds available on the bank accounts of the taxpayer, which lacks the exact amount to be attached, shall not be subject to execution.

8. The decision on putting a lien on the monetary funds available on the bank accounts of the taxpayer shall not extend to the transfer of monetary funds subject to payment to the State Budget, and the taxpayer shall have the right to make transfers to the State Budget form such means, if such monetary funds are not a subject of a pledge.

9. Information available at the tax authority and the bank on the transfers made to the State Budget from the monetary funds available on the bank accounts under lien shall be exchanged through the procedure jointly prescribed by the tax authority and the Central Bank of the Republic of Armenia.

(Article 433 amended by HO-261-N of 23 March 2018, supplemented, edited and amended by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

Article 434. Putting a lien on the cash monetary funds available on cash register of the taxpayer

1. In case no bank accounts of the taxpayer are available or the monetary funds available thereon are insufficient for satisfying the tax liabilities, the tax authority shall put a lien on the cash monetary funds available on cash register of the taxpayer in the amount not exceeding the tax liabilities.

2. The official of the tax authority having adopted the decision on putting a lien on the cash monetary funds available on cash register of the taxpayer shall, on the day of submitting the given decision to the taxpayer, take an inventory of the cash monetary funds available on cash register of the taxpayer and deposit with the taxpayer such means as well as the cash monetary funds credited to the cash register during the application of the lien within the limits of the tax liabilities. The official of the tax authority, having rendered a decision while cash monetary funds available on the cash register of the taxpayer was under lien, shall have the right, at any point, to take an inventory of the availability of monetary funds available on cash register, as well as of the flow of credited and debited monetary funds, based on the findings whereof a record shall be drawn up. The form of the inventory record of cash monetary funds in the cash register or the flow of the monetary funds shall

be prescribed by the tax authority, wherein the date, period of inventory, the currency, value, quantity of the monetary funds under lien, the value of the monetary funds credited and the source they were derived from, the value and the expenditure targets of monetary funds debited, the currency, value, quantity of monetary funds being deposited, the period of terminating the performance of cash register operations during the inventory, a note that monetary funds being credited to the cash register are under lien and deposited during the application of the lien within the limits of tax liabilities, the data on and signatures of persons taking part in the inventory shall be specified. The mentioned records shall be an integral part of the decision on putting a lien on cash monetary funds available on the cash register of the taxpayer.

3. The decision on putting a lien on cash monetary funds of the taxpayer available on the cash register shall not extend to payments being made to state or community budgets, and the taxpayer shall have the right to make payments to the state or community budgets from the cash monetary funds available on the cash register.

4. Provisions prescribed by Article 433 of the Code on applying lien on the monetary funds available on the bank accounts shall be applied on the monetary funds credited to the bank account of the taxpayer.

(Article 434 edited by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

Article 435. Putting a lien on other property

1. In the event of non-availability of bank accounts and a cash register of a taxpayer or in case of insufficiency of monetary funds available thereon for satisfying tax liabilities, the official of the tax authority shall adopt a decision on putting a lien on other property of the taxpayer.

2. The official carrying out the lien shall deposit the property under lien to the taxpayer, and in case the taxpayer tries to waste, conceal, illegally transfer to another person, damage or destroy the property under lien or separate components thereof, the depositing of the property shall be assigned to a professional organisation engaged in such activity based on a deposit contract. The expenses related to deposit shall be borne by the taxpayer.

3. The procedure for and conditions of operation of the electronic system of putting a lien on other property shall be prescribed by a joint legal act of the tax authority and the public administration body authorised by the Government, except for the case provided for by part 3.1 of this Article.

3.1. Where a lien is put on immovable property, the tax authority shall submit the necessary documents to the State Register of Real Estate electronically. The requirements for electronic documents and the procedure for submission thereof shall be established by the Government.

4. After implementation of the decision on putting a lien by the relevant authorised state bodies record-registering other property, where the taxpayer submits to the tax authority a statement of information — issued by persons having received qualification — on the market value of other property belonging to him or her by the right of ownership, and a relevant document issued by an authorised body on the property not being an object of pledge, the tax authority shall take measures provided for by the legislation of the Republic of Armenia and adopt a decision on removing the lien from the property in excess of the tax liability and from the property of the preceding category and leave the lien only with regard to the property which entirely secures the tax liability.

(Article 435 amended by HO-261-N of 23 March 2018, edited, amended and supplemented by HO-338-N of 21 June 2018, supplemented by HO-146-N of 13 April 2023)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-146-N of 13 April 2023 has a transitional provision)

(Article as amended by Law HO-104-N of 28 February 2024 shall enter into force on 1 January 2026)

(Law HO-104-N of 28 February 2024 has a transitional provision)

CHAPTER 79

OTHER MEASURES SECURING THE DISCHARGE OF TAX LIABILITIES

Article 436. Other measures securing the discharge of tax liabilities

1. In case it is impossible to apply a lien on the property or the value of the property under lien for the purpose of satisfying the tax liabilities is insufficient or it is necessary to replace the measure of securing the lien on the property applied, the discharge of the tax liabilities may be secured by the following measures:

(1) conclusion of a contract of pledge;

(2) guarantee;

(3) surrender of the right of claim by the taxpayer.

2. Application of any measure securing the discharge of tax liabilities shall not restrict the application of another measure securing the discharge of tax liabilities.

3. The head of the tax authority may transfer the power to apply measures securing the discharge of tax liabilities prescribed by part 1 of this Article to another official of the tax authority.

Article 437. Conclusion of a contract of pledge

1. A contract of pledge may be concluded between the tax authority and the taxpayer as a measure securing the discharge of tax liabilities.

2. Relations pertaining to the conclusion of a contract of pledge, discharge of tax liabilities secured by a pledge, termination of the contract of pledge shall be regulated by the civil legislation and the Civil Code of the Republic of Armenia.

3. In case of concluding a contract of pledge, for the purpose of satisfying tax liabilities, a schedule for gradual satisfaction of liabilities shall be drawn up, the duration whereof may be prescribed for up to a nine-month period. Both the debtor and a third person may be a pledgor. In case a third person is a pledgor, the written consent of the debtor taxpayer on discharging tax liabilities shall also be attached to the contract of pledge pursuant to the schedule for gradual satisfaction of tax liabilities drawn up under the contract of pledge.

4. In case of failure by the taxpayer to discharge his or her tax liabilities, the tax authority shall have the right to satisfy the given liabilities at the expense of the pledged property as prescribed by the Law of the Republic "On compulsory enforcement of judicial acts".

5. The property over which the right of pledge may be applied as prescribed by the civil legislation of the Republic of Armenia, may be a subject of pledge. The property which is a subject of pledge under a contract of pledge may not be a subject of pledge under another contract being concluded between the tax authority and the pledgor.

6. Where the subject of pledge is realised or transferred to a third person for disposal, possession or use, without discharge of tax liabilities, the right of pledge shall continue to extend to the property pledged.

7. Performance of any transaction against the property pledged may, notwithstanding the purposes of the performance thereof, be conducted only upon the consent of the tax authority.

8. In case of pledging the property, the subject of pledge may remain with the pledgor or, at the expense of means of the pledgor, be transferred to the tax authority, which shall be obliged to ensure the maintenance of the property pledged.

9. The contract of pledge of property may be concluded where the market value of the subject of pledge exceeds the amount necessary for securing the tax liability for more than 20 per cent.

10. The tax authority shall consider the offer of the owner of the subject of pledge on concluding a contract of pledge of property within maximum five working days.

11. The tax authority shall reject the conclusion of a contract of pledge, where:

(1) the submitted contract of pledge of property does not comply with the criteria prescribed by the legislation of the Republic of Armenia and the Code;

(2) the market value of the subject of pledge is less than 120 per cent of the amount of the tax liability subject to payment;

(3) the duration of the contract of pledge or the expiry of the subject of pledge is shorter than the deadline of discharging the tax liability prescribed by the schedule of the contract of pledge;

(4) the tax authority possesses information on the attempts to intentionally avoid the discharge of liabilities assumed by the taxpayer or the pledgor having tax liabilities.

12. In case of rejecting the conclusion of a contract of pledge of property, the tax authority shall, within the time limits prescribed by part 10 of this Article, inform the applicant thereof, specifying the grounds for rejection.

12.1. In case of the very first violation by the taxpayer of the discharge of tax liabilities secured by a pledge within the period prescribed by the timetable for the gradual satisfaction of liabilities, the tax authority shall, within 10 working day, submit a written claim to the taxpayer and pledgor for the discharge of tax liabilities secured by a pledge.

12.2. Outstanding tax liabilities secured by the taxpayer shall be subject to discharge within three working days after receiving such claim from the tax authority.

13. In case of failure to discharge or in case of partial discharge by the taxpayer of his or her tax liabilities within the period specified by part 12.2 of this Article, the document of the tax authority prescribing such claim shall be deemed to be an unappealable administrative act, following which the tax authority may apply — with regard to the person having concluded a contract of pledge — the procedures for compulsory enforcement of tax liabilities provided for by the Code.

14. Expenses related to the conclusion of a contract of pledge of property and execution of collection of the property under lien shall be borne by the taxpayer.

(Article 437 amended, supplemented and edited by HO-338-N of 21 June 2018)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Article as amended by Law HO-209-N of 11 April 2024 shall enter into force on 1 July 2025)

Article 438. Guarantee

1. For the purpose of securing the discharge of tax liabilities, the tax authority shall accept guarantees issued by banks, credit organisations or insurance companies (hereinafter referred to as “the entity having issued a guarantee”).

2. The entity having issued a guarantee shall, by that guarantee, be bound before the tax authority to discharge the tax liabilities of the taxpayer, where the latter has failed to discharge his or her tax liabilities through the procedure prescribed by the Code and within the time limits prescribed by the guarantee in case the tax authority has submitted to the entity having issued a guarantee such a written claim. Relations pertaining to the guarantee shall be regulated by the civil legislation and the Civil Code of the Republic of Armenia.

3. The time limits for discharging tax liabilities may be prescribed by the guarantee for up to a nine-month period, which cannot exceed the 1st day of the 6th month preceding the period of license validity of the entity having issued a guarantee.

4. The guarantee may not be revoked by the entity having issued the guarantee.

5. The guarantee shall be submitted to the tax authority in two copies; moreover, the following shall be specified:

(1) tax liabilities of the taxpayer and the time limits of their satisfaction, the due discharge whereof shall be secured by the guarantee;

(2) in case of non-discharge of the tax liabilities secured by the guarantee, the indisputable right of the tax authority to claim the discharge of the tax liabilities of the entity having issued a guarantee;

(3) the fact of availability of monetary funds with the entity having issued a guarantee for the discharge of the tax liabilities secured by the guarantee;

(4) the validity of the guarantee;

(5) the number and the validity of the license of the entity having issued a guarantee.

6. The form of and procedure for filling in the guarantee shall be prescribed by the tax authority.

7. For the purpose of accepting or rejecting the guarantee, the tax authority shall examine it during three working days after receiving it.

8. The acceptance of the guarantee shall be rejected, where:

(1) the guarantee does not comply with the criteria prescribed by law and parts 3-5 of this Article;

(2) the period of validity of the guarantee is less than the time limits for discharging the tax liabilities by the taxpayer prescribed by the guarantee;

(3) the license of the entity having issued a guarantee to engage in activities prescribed by law is suspended or repealed;

(4) the entity having issued a guarantee has non-satisfied tax liabilities.

9. The tax authority shall make a relevant note on the acceptance or rejection of the guarantee on the relevant box of the guarantee issued and forward one copy thereof to the entity having issued a guarantee within the time limits prescribed by part 7 of this Article. In case of rejecting the acceptance of the guarantee the tax authority shall also specify the reasons serving as grounds for rejection.

10. In case the taxpayer fails to discharge or partially discharges the tax liabilities secured by the guarantee within the time limits prescribed by the guarantee, the tax authority shall, within three working days after the expiry of the deadline for discharge of tax liabilities prescribed by the guarantee, submit a written claim to the entity having issued the guarantee for the discharge of the

tax liabilities secured by the guarantee.

11. Tax liabilities secured by the entity having issued a guarantee, not discharged by the debtor taxpayer shall be subject to discharge within three working days after receiving such a claim from the tax authority.

12. In case the entity having issued a guarantee fails to discharge or partially discharges his or her liabilities within the time limits specified in part 11 of this Article, the given claim of tax authority shall be deemed to be an unappealable administrative act, after which the tax authority may apply the procedures for compulsory enforcement of tax liabilities prescribed by the Code against the entity having issued a guarantee.

Article 439. Surrender of the right of claim by the taxpayer

1. For the purpose of collecting the tax liabilities of the taxpayer, the tax authority shall, based on the contract on surrender of the right of claim of the taxpayer against the debtor (debitor) of the taxpayer, have the right to acquire the right of claim of the taxpayer and direct the received amounts to the satisfaction of the tax liabilities of the taxpayer. Moreover, the right of claim of the taxpayer shall pass to the tax authority in its entirety, including the right to interests calculated against the debt.

2. Conclusion of a contract with the taxpayer on surrender of the right of claim shall not exempt the taxpayer from the discharge of tax liabilities and from the calculation and payment of fines, as prescribed by the Code, for their delay.

3. The tax authority shall, within five working days after receiving the offer for concluding a contract with the taxpayer on surrender of the right of claim, examine the lawfulness and substantiation of the claim of the taxpayer, as well as the solvency of the debtor, by informing the debtor thereof in writing. Consent of the debtor shall not be required for transferring the rights of the creditor taxpayer to the tax authority.

4. In case of accepting the offer of the taxpayer to conclude a contract on surrender of the right of claim, the tax authority shall, within the time limits specified in part 3 of this Article, conclude with the taxpayer a contract on surrender of the right of claim as prescribed by the civil legislation of the Republic of Armenia, wherein, in particular, the rights and obligations of the taxpayer and the tax authority, the identification data of the debtor of the taxpayer, the amount, procedure for calculation and the circumstances confirming the substantiation of the claim, as well as the amounts of the existing tax liabilities of the taxpayer and the procedure for the calculation thereof, according to the types of taxes and liabilities, shall be specified. In case of rejecting the proposal of the taxpayer to conclude a contract, the tax authority shall, within the time limits specified in part 3 of this Article, inform the taxpayer in writing of the reasons for rejection.

5. The tax authority shall, within three working days after concluding a contract with the taxpayer on surrender of the right of claim, inform the debtor of the taxpayer and claim, within ten working days, to pay the tax liabilities of the taxpayer within the limits of his or her liabilities against the creditor as prescribed by the Code. In case of a failure by the debtor of the taxpayer to discharge his or her liability to the taxpayer or to discharge the tax liability of the taxpayer within the time limits specified in this part, the claim of the tax authority shall be deemed to be an unappealable administrative act, after which the tax authority may apply against the debtor other measures of property lien, as well as other measures of compulsory enforcement of tax liabilities envisaged for unappealable administrative acts, prescribed by the Code.

SECTION 20

APPEALING AGAINST ACTIONS OR OMISSIONS OF TAX OFFICER

CHAPTER 80

SYSTEM OF APPEALING

Article 440. Right of appeal of the taxpayer

1. The individual legal act adopted by the tax authority, as well as the actions or omissions of a tax officer may be appealed against to the Appeal Commission of the tax authority or the court as prescribed by the Code.

2. The taxpayer may apply to court at any stage of the appeal submitted to the Appeal Commission of the tax authority for the purpose of appealing against the individual legal act adopted

by the tax authority, the actions or omissions of a tax officer.

3. The decision of an inquest body or an investigator on assigning a tax inspection in accordance with the Criminal Procedure Code of the Republic of Armenia shall be appealed against through the procedure prescribed by the Criminal Procedure Code of the Republic of Armenia, whereas actions performed during the mentioned inspection by the person carrying out the inspection and the act drawn up as a result of the inspection — through the procedure prescribed by the Code.

4. Actions of officials of the tax authority relating to imposition of administrative liability shall be appealed against in compliance with the legislation of the Republic of Armenia on administrative offences.

5. Examination of complaints being submitted to the appeals commission of the tax authority shall be conducted through written procedure, except for complaints for inspection acts adopted during complex tax inspection, the examination whereof shall be conducted through oral procedure, as well as cases envisaged by part 4.2 of Article 442 of the Code.

6. Examination of the complaints through written procedure may be conducted also through audiovisual communication.

(Article 440 supplemented by HO-89-N of 12 April 2022)

(Law HO-89-N of 12 April 2022 has a transitional provision)

Article 441. Appeal Commission of the tax authority and procedure for lodging an appeal

1. For the purpose of settlement of disputes over the individual legal act adopted by the tax authority, the actions or omissions of a tax officer, an Appeal Commission of the tax authority shall be functioning with the tax authority. The Appeal Commission of the tax authority shall be comprised of a chairperson and eight members, who shall manage their work in the Commission along with the positions they hold in the tax service.

2. The Appeal Commission of the tax authority shall accept the submitted appeal for proceedings based on the complaint submitted by the taxpayer in written form and in Armenian, which shall contain the following:

(1) title of the Appeal Commission of the tax authority with which the appeal has been lodged;

(2) name, surname, TIN (in case the latter is not available, public service number shall be specified), address of the person having lodged the appeal, and in case of an organisation, the title, location, TIN of the organisation, and in case of VAT payer, also the VAT identification number, the name, surname and position, as well as the data on telecommunication facilities of the person having lodged the appeal in his or her own name;

(3) subject matter of the appeal;

(4) claim of the person having lodged the appeal;

(5) list of documents attached to the appeal;

(6) year, month and day of drawing up the appeal;

(7) signature of the person having lodged the appeal, and in case of an organisation, the signature of the person having lodged the appeal in own name.

3. In case of an incompletely submitted complaint specified in part 2 of this Article, the tax authority shall inform the taxpayer having submitted the complaint on the existing shortcomings and shall recommend the taxpayer to remedy them within three working days. In case of remedying the shortcomings and informing the Appeal Commission of the tax authority thereof, the complaint shall be deemed to be accepted from the day it was submitted for the first time. The Appeal Commission of the tax authority shall also accept for examination the complaint submitted with shortcomings, where the given shortcomings do not hinder further examination of the appeal.

4. The individual legal act adopted by the tax authority and having entered into force may be appealed against from the day it entered into force, whereas the actions or omissions of the tax officer — within two months from the day they were carried out or occurred.

5. The rules of procedure, composition (taking account of maximum adherence of the principle of conflict of interest) of the Appeal Commission of the tax authority, the form of the complaint being submitted to the Appeal Commission and the form of notification on the venue and time of the session of the Commission being forwarded to the person having lodged the complaint the form of the ballot submitted to the members of the Commission, as well as the forms of decisions being adopted by the Commission shall be prescribed by the tax authority.

(Article 441 amended by HO-261-N of 23 March 2018, edited, supplemented by HO-89-N of 12 April 2022)

(Law HO-89-N of 12 April 2022 has a transitional provision).

Article 442. Examination of the complaint submitted to the Appeal Commission of the tax authority

1. The tax authority shall accept complaints submitted to the Appeal Commission of the tax authority for examination and adopt decisions thereon within 30 days, and the complaints of taxpayers owing a valid certificate of a law-abiding taxpayer — within 15 days. Calculation of the period prescribed by this part shall commence on the first working day following the day the written complaint arrives at the relevant authority. In specific cases, the mentioned period may be extended for 15 days by the decision of the head of the tax authority, and the applicant shall be informed of it. In case no response is given with regard to the complaint within the mentioned time limits, the decision of the Appeal Commission of the tax authority on granting the complaint shall be deemed to be adopted.

2. The Appeal Commission of the tax authority shall adopt a relevant written decision on dismissing the proceedings of examination of the complaint of the taxpayer, where:

(1) the complaint being submitted to the Appeal Commission of the tax authority does not comply with the criteria prescribed by the Code, except for cases, where the given circumstance does not hinder further examination of the complaint;

(2) the claim of the person lodging the appeal is not clearly specified in the complaint being submitted to the Appeal Commission of the tax authority;

(3) the list of documents being appealed against is not attached to the complaint being submitted to the Appeal Commission of the tax authority;

(4) the complaint is lodged by a person not competent to lodge a complaint;

(5) the complaint does not comply with the procedural requirements, and the taxpayer submitting the appeal has not remedied the shortcomings existing in the complaint within the time limits prescribed by part 3 of Article 441 of the Code;

(6) the taxpayer lodging the complaint abandons the appeal;

(7) the claim specified in the complaint is beyond the competences of the Appeal Commission of the tax authority;

(8) the case of an individual legal act, action or omission by the tax authority being appealed against is absent;

(9) the complaint was submitted after the expiry of the time limits prescribed by part 4 of Article 441 of the Code;

(10) a decision of the Appeal Commission of the tax authority on the same person having lodged the complaint, the same subject of appeal, the appeal upon the same grounds exists, except for decisions on dismissing the proceeding of the examination of the complaint in cases provided for in points 1-5 of this part, after the elimination of grounds of dismissing whereof the complaints submitted within the time limits prescribed by part 4 of Article 441 of the Code shall be subject to examination;

(11) the taxpayer submitting the complaint has applied to court with the same claim;

(12) in case of liquidation of the organisation or death of the natural person having lodged the complaint.

3. ***(part repealed by HO-89-N of 12 April 2022)***

4. In case the Commission accepts the complaint subject to examination through oral procedure submitted to the Appeal Commission of the tax authority for proceedings, the person having lodged the complaint shall be notified in advance of the venue and time of the relevant session. The person having lodged the complaint, the chief accountant of the latter and/or the authorised person (expert) of the person having lodged the complaint may participate in the session of the Appeal Commission. The absence of the person having lodged the complaint or his or her representative having been notified of the venue and time of the session of the Appeal Commission shall be no hindrance for the continuation of the session of the Commission and the settlement of the dispute on the merits.

4.1. The oral examination of the complaint submitted to the Appeals Commission of the tax authority shall be conducted through sessions of the Appeals Commission, while the written examination — by means of organising written voting through general electronic document circulation.

4.2. Appeals Commission of the tax authority shall take a decision on conducting the examination of the complaint through oral procedure and the person having lodged the complaint shall be notified in advance of the venue and time of the relevant session, where:

(1) during the written examination it becomes clear that certain circumstances necessary for clarification of factual circumstances of the case may be clarified only by the person having lodged the complaint;

(2) the person having lodged the complaint has presented in the application substantiations for conduction for the examination through oral procedure, which were accepted by the Commission on the ground that the examination conducted through oral examination would be more effective.

5. ***(part repealed by HO-89-N of 12 April 2022)***

(Article 442 supplemented by HO-190-N of 5 May 2021, amended, edited, supplemented by HO-89-N of 12 April 2022)

(Law HO-190-N of 5 May 2021 has a transitional provision)

(Law HO-89-N of 12 April 2022 has a transitional provision)

Article 443. Decision of the Appeal Commission of the tax authority

1. The Appeal Commission of the tax authority shall render a reasoned decision with regard to accepted application-complaints on:

(1) dismissing the proceedings of the examination of the complaint;

(2) granting the complaint;

(3) granting the complaint partially;

(4) rejecting the complaint;

(5) conducting a re-inspection.

2. The decisions of the Appeal Commission of the tax authority shall be authorised, where at least six of the members of the Commission have participated in the rendering of those decisions. Decisions are rendered through simple majority voting. The decisions shall be rendered as a result of examination through oral procedure through an open ballot during the session, the decisions based on examination through written procedure — on the day of examination through written voting.

3. The decisions rendered by the Appeal Commission of the tax authority shall be signed by the Chairperson of the Commission by electronic signature. The decisions shall enter into force from the day following the day of notification. The Commission shall notify the applicant of the decision within three working days once rendering it, by posting the decision on the taxpayer's personal page of the electronic management system of the tax authority for submitting reports. Posting of the decision on the personal page of the electronic management system of the tax authority for submitting reports shall be verified by the electronic system. The Commission shall notify the natural persons not registered as taxpayers about rendering the decision as prescribed by Article 59 of the Law of the Republic of Armenia “On fundamentals of administration and administrative proceedings”.

4. The decisions of the Appeal Commission of the tax authority may be appealed to the court.

(Article 443 amended by HO-338-N of 21 June 2018, edited, amended by HO-89-N of 12 April 2022)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(In accordance with part 4 of Article 5 of Law HO-89-N of 12 April 2022, the Commission shall inform the applicant on rendering the decision before the time limit provided for by part 3 of Article 5 of Law HO-89-N of 12 April 2022 as prescribed by Article 59 of the Law “On fundamentals of administration and administrative proceedings”)

(Law HO-89-N of 12 April 2022 has a transitional provision)

SECTION 20.1

(Section supplemented by HO-101-N of 12 April 2022)

INFORMATION EXCHANGE WITH FOREIGN STATES

CHAPTER 80.1

PROCEDURE FOR INFORMATION EXCHANGE WITH FOREIGN STATES

Article 443.1. Study of requests for receipt of secret information protected by law on the basis of commitments assumed under ratified international treaties of the Republic of Armenia

1. In case of receipt by the competent bodies of foreign states of a justified request for obtaining

secret information for taxation purposes on the basis of commitments assumed under ratified international treaties of the Republic of Armenia, the tax authority shall, within a reasonable period, study the mentioned request.

2. Based on the results of the study provided for by part 1 of this Article the tax authority shall:

(1) refer an application to the administrative court to receive secret information protected by law (hereinafter referred to as “secret information”) held by banks and other financial institutions on the basis of commitments assumed under ratified international treaties of the Republic of Armenia, in accordance with Chapter 31.7 of the Administrative Procedure Code of the Republic of Armenia, or

(2) refuse to provide secret information to the competent body of the foreign state, where:

a. the request of the foreign competent body is not substantiated, the requested information does not refer to the study (examination) carried out in the given foreign state, or the request does not meet the requirements established within the scope of commitments assumed under ratified international treaties of the Republic of Armenia;

b. provision of the requested secret information may entail grave consequences for the Republic of Armenia, including lead to disclosure of state secret defined by the Law “On state secret”.

3. With a view to clarify the circumstance provide for by sub-point “b” of point 2 of part2 of this Article, the tax authority may, where appropriate, send requests to authorised bodies, who shall be obliged to answer the mentioned request as prescribed by the tax authority.

(Article 443.1 amended by HO-69-N of 1 March 2023)

Article 443.2. Notifying on receipt of secret information

1. Where the tax authority, in accordance with point 1 of part 2 of Article 443.1 of this Code, has stated in the application filed to the Court the necessity of non-notification to the person or persons with respect to whom a judicial act must be taken, in case of receipt of the secret information the tax authority shall:

(1) submit a written request to the foreign competent body on making the judicial act available to the person or persons within a reasonable period after elimination of circumstances that make the notification impossible and provide the secret information to the foreign competent body in case the competent body concerned receives a written confirmation on the liability of making the judicial act available to the person or persons within a reasonable period after elimination of circumstances that make the notification impossible;

(2) irrespective of the provision stated in point 1 of this part, send the judicial act to the person or persons with respect to whom the judicial act must be taken within a period of ten days after expiry of two years period from the day of rendering the judicial act.

CHAPTER 80.2

(Chapter supplemented by HO-338-N of 10 September 2024)

(Law HO-338-N of 10 September 2024 has a final part and transitional provisions)

PROCEDURE FOR EXCHANGE OF INFORMATION ON FINANCIAL ACCOUNTS, POWERS OF THE TAX AUTHORITY WITH RESPECT TO EXCHANGE OF INFORMATION, RESPONSIBILITIES AND RIGHTS OF FINANCIAL INSTITUTIONS, ACCOUNT HOLDERS AND CONTROLLING PERSONS

Article 443.3. General rules for automatic exchange of information on financial accounts with foreign states (territories)

1. Automatic exchange of information on financial accounts with competent authorities of foreign states (territories) shall be automatic provision and receipt of information provided for by this Chapter by the tax authority to the competent authorities of foreign states (territories) based on the Convention on Mutual Administrative Assistance in Tax Matters (as amended by the 2010 Protocol) and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (hereinafter referred to in this Chapter as “Agreements”), as well as the Common Reporting Standard and its Commentaries (hereinafter referred to in this Chapter as “Standard”) published by the Organisation for Economic Co-operation and Development.

2. The tax authority shall ensure the translation of the Standard and its amendments and supplements and their official publication, by posting them on its official website.

3. The concepts used in this Chapter shall have the meaning defined in the Standard.

4. The provisions of this Chapter shall apply to resident financial institutions of the Republic of Armenia and non-resident financial institutions that are record-registered in the Republic of Armenia and have a permanent establishment (hereinafter referred to as “financial institutions”), prescribed by the Standard.

5. The provisions of this Chapter shall extend to account holders and controlling persons considered resident of foreign states (territories):

(1) in case of a newly opened financial account — regardless of the value of the financial account;

(2) in case of existing financial accounts (except for cases prescribed by parts 4-6 of Article 443.6 of the Code), when total sum of the balance of the financial accounts exceeding USD 250 000 or equivalent AMD or equivalent foreign currency as of the beginning of the tax year or the last day is available, as well as when in the tax year the total sum of the amounts of inflows (additions) or the total sum of the amounts of outflows (deductions) of financial accounts exceeds USD 250 000 or equivalent AMD or equivalent foreign currency;

(3) in case of existing financial accounts — with respect to regulations prescribed by parts 4-6 of Article 443.6 of the Code, regardless of the value of the financial account.

6. Within the meaning of application of part 5 of this Article, the average exchange rate on the currency market published by the Central Bank of the Republic of Armenia as of the beginning of the tax year or the last day, respectively, or as of the day of relevant inflows (additions) or outflows (deductions) shall be taken as a basis when determining Armenian Dram or foreign currency equivalent to the United States Dollar. Within the meaning of application of this Article, the average exchange rate published by the Central Bank of the Republic of Armenia before 16:00 of the given day shall be taken as a basis as the average exchange rate on the currency markets published by the Central Bank of the Republic of Armenia on the given day.

Article 443.4. Provision of information related to the automatic exchange of information on financial accounts to the tax authority by financial institutions

1. Financial institutions shall be obliged to submit to the tax authority — within the time limits prescribed by Articles 134 and 156 of the Code — information on account holders and controlling persons prescribed by the Standard and their financial accounts (hereinafter referred to in this Chapter as “information”), where it has been disclosed under the procedure prescribed by part 1 of Article 443.6 of the Code concerning account holders and controlling persons or based on the information available to the financial institution that they are residents of foreign states (territories).

2. Where the procedure prescribed by part 1 of Article 443.6 of the Code or the information available to the financial institution has failed to disclose any account holders or controlling persons considered residents of foreign states (territories), the financial institution shall be obliged to submit to the tax authority — before 10 May of the tax year following each tax year — information on non-disclosure of such account holders and controlling persons in the form established by the tax authority.

3. The financial institution shall provide the information referred to in parts 1 and 2 of this Article electronically. The procedure for provision, by the financial institution, of information on financial accounts of account holders and controlling persons and the information format shall be defined by a joint legal act of the tax authority and the Central Bank of the Republic of Armenia.

4. Where the information on income of an account holder or a controlling person unknown to the tax authority is received as a result of the procedures provided for by this Chapter, this income shall be considered as received in the given reporting year, as long as the account holder or the controlling person has not proven that they have been received in another time period.

5. The tax authority must ensure that the personal data and bank secrets or information protected by law and constituting other secret that has become available thereto are kept in compliance with the requirements prescribed by the legislation.

Article 443.5. Powers of the tax authority with respect to automatic exchange of information on financial accounts

1. With respect to automatic exchange of information on financial accounts, the tax authority shall receive from the financial institution information on financial accounts of account holders and controlling persons submitted in compliance with the Chapter.

2. The tax authority shall transfer the information on financial accounts to competent authorities of foreign states (territories) (reporting states) that are included in the list of the states (territories) with which information on financial accounts is automatically exchanged and the residents of which account holders and controlling persons are. The list of states (territories) with which information on financial accounts is automatically exchanged shall be published by the tax authority, by posting it

on its official website.

3. The procedures for transferring information on financial accounts to competent authorities of foreign states (territories) referred to in part 2 of this Article, for receiving information from such competent bodies by the tax authority, as well as the requirements for keeping the exchanged information on financial accounts shall be defined by the Government.

4. The tax authority shall have the right to use the information on financial accounts received from the competent authorities of foreign states (territories) for the purposes defined by the Agreements as information received from third persons prescribed by Article 350 of the Code.

Article 443.6. Responsibilities and rights of financial institutions, account holders and controlling persons with respect to automatic exchange of information on financial accounts

1. The financial institution shall carry out due diligence for account holders and controlling persons prescribed by the Standard to determine the residence of the account holders and controlling persons.

2. The account holder and the controlling persons shall be obliged to submit to the financial institution information on them and/or affiliated account holders and controlling persons requested by the financial institution in compliance with this Chapter.

3. Where the person fails to provide the information required by this Chapter and the Standard to the financial institution when opening a financial account, the financial institution shall reject opening the financial account.

4. The financial institution shall be obliged to obtain a written consent from the person opening a financial account or having a financial account to provide the information provided for by this Chapter to the tax authority.

5. Where the person opening a financial account or having a financial account refuses to give the consent prescribed by part 4 of this Article or fails to give the consent within a period of 10 days from the moment the financial institution files a request to give consent, the financial institution shall reject opening new financial accounts, and in case of existing financial accounts having been opened previously — the financial institution shall refuse (terminate) conducting transactions through financial accounts, except for transactions for transferring their monetary funds to the account opened in their name in other institution or for providing their funds thereto. In case of refusing to conduct transactions through the financial accounts, the financial institution shall notify that person thereof within three working days.

6. Where, as a result of implementation of the procedures provided for by part 1 of this Article, the financial institution detects any incorrect or incomplete information provided by the account holder or controlling person, the financial institution shall refuse opening new financial accounts, and in case of existing financial accounts opened previously — the financial institution shall refuse (terminate) conducting transactions through financial accounts, except for transactions for transferring their funds to the account opened in their name in other institution or for providing their monetary funds thereto. In case of refusing to conduct transactions through financial accounts, the financial institution shall notify that person thereof within three working days.

PART 4

FINAL AND TRANSITIONAL PROVISIONS

SECTION 21

FINAL PROVISIONS

CHAPTER 81

GENERAL PROVISIONS

Article 444. Entry into force of the Code

1. The Code shall enter into force starting from 1 January 2018, except for the provisions prescribed by parts 2-13 of this Article, which shall enter into force within the time limits prescribed

by the same parts.

2. Point 37 of part 2 of Article 64 of the Code shall enter into force starting from 1 January 2017 and extend to the imports made from that point.

3. Sub-point (f) of point 47 of part 2 of Article 64 of the Code on derivative financial instruments, point 15 of part 4 of Article 109 and point 7 of part 1 of Article 123 of the Code shall enter into force starting from 1 January 2017 and extend to the derivative financial instruments concluded from that point.

4. Point 2 of part 1 of Article 104, point 2 of part 1 of Article 105 and part 2 of Article 125 of the Code related to the securitisation fund established on the basis of the Law of the Republic of Armenia “On asset securitisation and asset backed securities” shall enter into force from 1 January 2017.

5. Point 5 of part 3 of Article 109 and point 7 of part 2 of Article 132 of the Code related to the dividends received by non-resident organisations shall enter into force starting from 1 January 2017 and extend to the dividends attributed to the periods after 1 January 2017.

6. The provisions on the alternative method of making an advance profit tax payment prescribed by part 4 of Article 135 of the Code shall enter into force starting from 1 January 2017.

7. The provision on income taxation of dividends received by foreign citizens and stateless persons shall enter into force starting from 1 January 2017 and shall extend to the dividends received by a participant as a profit distribution from the profits attributed to the periods (received as a result of activity during such periods) after 1 January 2017, irrespective of the provisions of the Law of the Republic of Armenia “On income tax”, while the provision related to the income taxation of the dividends received by the citizens of the Republic of Armenia shall extend to the dividends received by a participant as a profit distribution from the profits attributed to the periods (received as a result of activity during such periods) after 1 January 2018.

8. Part 4 of Article 159 of the Code shall enter into force starting from 1 January 2017.

9. Sections 11 and 12 of the Code (except for part 3 of Article 238 of the Code) shall enter into force from 1 January 2020. 1 January 2017 shall be the date on which — for the purpose of calculation of immovable property tax — the provision on submission of information on immovable property, according to the owners of immovable property considered to be an immovable property taxable object prescribed by Article 227 of the Code (according to land parcels and/or respective developments thereof), and information on the respective cadastre values and computational net incomes thereof by the body, maintaining immovable property cadastre, to the bodies record-registering taxpayers, shall enter into force.

10. Chapter 65 of the Code shall enter into force starting from 1 January 2019.

11. ***(part repealed by HO-101-N of 1 March 2023)***

11.1. Chapter 73 of the Code shall enter into force from 1 January 2020.

12. The provision on providing excise stamps and/or labels on the basis of an electronically submitted application prescribed by part 4 of Article 393 of the Code shall enter into force starting from 1 July 2017.

13. Part 1 of Article 396 of the Code shall enter into force starting from 1 January 2017, and the time limits prescribed thereby shall extend to the excise stamps and/or labels received after that date.

14. It shall be defined that starting from 1 January 2017, the state duty rate for the types of activities prescribed by sub-points 14.1 and 14.4 of part Article 19 of the Law of the Republic of Armenia HO-186 of 27 December 1997 “On state duty” shall comprise 500 000-fold of the base duty.

(Article 444 amended and edited by HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, amended and supplemented by HO-338-N of 21 June 2018, edited by HO-68-N of 25 June 2019, amended by HO-101-N of 1 March 2023)

(Article 444 as amended by point 3 of Article 112 of Law HO-266-N of 21 December 2017 was in force until 1 January 2019, according to point 5 of Article 119 of the same Law)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 445. Repeal of certain laws of the Republic of Armenia in connection with the entry into force of the Code

1. Starting from the day of the entry into force of the Code, the following shall be repealed:

(1) Law of the Republic of Armenia HO-107 of 14 April 1997 “On taxes”, except for Article 8 of the Law of the Republic of Armenia “On taxes”, which shall be repealed starting from 1 January 2017;

(2) Law of the Republic of Armenia HO-118 of 14 May 1997 “On value added tax”, except for the last paragraph of Article 6 and part 4 of Article 26 of that Law 4, which shall be effective until 31 December 2019, inclusive;

(3) Law of the Republic of Armenia HO-79 of 7 July 2000 “On excise tax”, except for the following:

a. excise tax rates in the table of part 1 of Article 5 of the Law of the Republic of Armenia “On excise tax” related to the CN FEA codes 2208, 2208 30, 2208 40, 2402 20 90011, 2402 20 10011, 2402 90 00013, 2402 20 90012, 2402 20 10012 and 2402 90 00014, which shall be repealed starting from 1 January 2017. The excise tax rate for goods classified under CN FEA code 2208 (except for CN FEA codes 2208 90 330 0, 2208 90 380 0, 2208 90 480 0, 2208 20, 2208 30, 2208 40) shall, starting from 1 January 2017, be defined at 63 percent, but not less than AMD 630 per 1 litre; the excise tax rate for goods classified under CN FEA codes 2208 30, 2208 40 shall, starting from 1 January 2017, be defined at 57 percent but not less than AMD 3 450 per 1 litre; the excise tax rate for goods classified under CN FEA codes 2208 90 330 0, 2208 90 380 0, 2208 90 480 0 shall, starting from 1 January 2017, be defined at 55 percent but not less than AMD 550 per 1 litre; the excise tax rate for goods classified under CN FEA codes 2402 20 90011, 2402 20 10011, 2402 90 00013, 2402 20 90012, 2402 20 10012 and 2402 90 00014 shall, starting from 1 January 2017, be defined at 15 percent but not less than AMD 6 325 per 1 000 item, while the excise tax rate for goods classified under CN FEA code 2208 20 shall, starting from 1 January 2017, be defined in the amount prescribed by the Law of the Republic of Armenia “On excise tax” which was effective before the entry into force of the Code;

b. part 6 of Article 8 of the Law of the Republic of Armenia “On excise tax”, which shall be effective until 31 December 2019, inclusive;

(4) Law of the Republic of Armenia HO-155 of 30 September 1997 “On profit tax”, except for the provisions of the second-to-last paragraphs of Articles 8 and 11 of that Law related to the residents certified as prescribed by the Law of the Republic of Armenia “On state support to the information technologies sector”, which shall be effective from the day of providing the certificate until 31 December 2023;

(5) Law of the Republic of Armenia HO-246-N of 22 December 2010 “On income tax”, except for the provisions of part 1.1 of Article 10 of that Law related to the tax agents certified as prescribed by the Law of the Republic of Armenia “On state support to the information technologies sector”, which shall be effective from the day of providing the certificate until 31 December 2024, as well as except for the provisions envisaged in Article 8.2 of this Law, which shall continue having effect in respect of mortgage loans received in the period between 1 November 2014 until 31 December 2017, inclusive;

(6) Law of the Republic of Armenia HO-270 of 28 December 1998 “On environmental and natural resources utilization fees”;

(7) Law of the Republic of Armenia HO-245-N of 20 December 2006 “On rates of environmental fees”, except for point (b) of Article 3 of that Law, which shall be effective until 31 December 2020, inclusive;

(8) Law of the Republic of Armenia HO-203 of 3 March 1998 “On road fees”;

(9) Law of the Republic of Armenia HO-491 of 26 December 2002 “On Property Tax”;

(10) Law of the Republic of Armenia HO-101 of 14 February 1994 “On Land Tax”;

(11) Law of the Republic of Armenia HO-236-N of 19 December 2012 “On turnover tax”;

(12) Law of the Republic of Armenia HO-209-N of 22 December 2010 “On license fees”;

(13) Law of the Republic of Armenia HO-236 of 7 July 1998 “On fixed fees”;

(14) Law of the Republic of Armenia HO-215-N of 11 October 2007 “On tax record-registration of organisations and natural persons and removing them from tax record-registration”;

(15) Law of the Republic of Armenia HO-129-N of 22 November 2004 “On application of cash register machines”;

(16) Law of the Republic of Armenia HO-220-N of 28 November 2006 “On suspending the activity of cash register machine users”;

(17) Law of the Republic of Armenia HO-501-N of 26 December 2002 “On cash machine transactions”.

(Article 445 amended by HO-266-N of 21 December 2017, HO-23-N of 23 April 2019, HO-68-N of 25 June 2019, HO-571-N of 16 December 2022, HO-517-N of 7 December 2022, HO-421-N of 22 December 2023)

(Article 444 as amended by point 3 of Article 112 of Law HO-266-N of 21 December 2017 was in force until 1 January 2019, according to point 5 of Article 119 of the same Law)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-517-N of 7 December 2022 has a final part and transitional provisions)

SECTION 22

TRANSITIONAL PROVISIONS

CHAPTER 82

GENERAL PROVISIONS

Article 446. Continuation of the effect of certain laws of the Republic of Armenia regulating tax relations in connection with the entry into force of the Code

1. After the entry into force of the Code, the laws not referred to in part 1 of Article 445 of the Code, which regulate tax relations (including those which prescribe tax benefits and/or taxation mechanisms), shall continue to be in effect as long as they are not repealed or the operation period of those laws has not expired.

(Article 446 supplemented by HO-266-N of 21 December 2017)

(Article 444 as amended by point 3 of Article 112 of Law HO-266-N of 21 December 2017 was in force until 1 January 2019, according to point 5 of Article 119 of the same Law)

Article 447. General regulation of transitional tax relations

1. The tax liabilities pertaining to the reporting periods, which ended before the entry into force of the Code, shall not be considered to be terminated after 1 January 2018 and shall be subject to discharge through the general procedure and within the time limits prescribed by the legislation effective before the entry into force of the Code.

1.1. The tax liabilities with regard to property tax and land tax pertaining to the reporting periods ended before the entry into force of Sections 11 and 12 of the Code, shall not be considered to be terminated after 1 January 2021 and shall be subject to discharge through the general procedure and within the time limits prescribed by the legislation effective before the entry into force of the Code.

2. The liabilities of environmental fee, natural resources utilization fee, road fee and fixed fee pertaining to the reporting periods, which ended before the entry into force of the Code, shall not be considered to be terminated after 1 January 2018 and shall be subject to discharge through the procedure and within the time limits prescribed by the legislation regulating the relations of environmental fee, natural resources utilization fee, road fee and fixed fee before the entry into force of the Code.

3. After the entry into force of the Code, the tax calculation reports pertaining to the reporting periods ending on 31 December 2017 shall be submitted by the deadlines prescribed by the legislation effective before the entry into force of the Code.

4. The tax calculation reports pertaining to the reporting periods ending on 31 December 2017 may also be submitted in hard copy in case of being prescribed by the legislation effective before the entry into force of the Code.

5. The sanctions prescribed before the entry of force of the Code shall be applied to the violations of tax legislation committed before the entry into force of the Code and revealed thereafter, except for the fines prescribed by Article 401 of the Code, which shall be applied as prescribed by parts 6 and 7 of this Article.

6. The taxpayer or the tax agent shall pay a fine in the amount of 0.075 percent for each overdue day following the day of entry into force of the Code, including also in the case when the calculation of fines started before the entry into force of the Code.

7. The calculation of fines, which started before the entry into force of the Code and did not end on the day of the entry into force of the Code, shall continue until the 365th day of the calculation.

8. After the entry into force of the Code, so long as the scope of applying tax benefits in cases prescribed by the Code is not prescribed by relevant legal acts, the scope of applying tax benefits shall be decided pursuant to relevant legal acts effective before the entry into force of the Code.

(Article 447 supplemented by HO-332-N of 25 June 2020)

Article 448. Regulation of transitional tax relations pertaining to the General Part of

the Code

1. The provisions on transferring the non-discharged tax liabilities of the natural person, who died or was declared dead by a judgment of the court, to his heir (heirs) shall extend to the liabilities, arising after 1 January 2018, of the natural persons, who died or were declared dead by a judgment of the court after 1 January 2018.

Article 449. Regulation of transitional tax relations pertaining to Section 4 of the Code

1. ***(part repealed by HO-101-N of 1 March 2023)***

2. ***(part repealed by HO-266-N of 21 December 2017)***

3. Separate VAT amounts in tax bills of taxpayers as of 1 January 2018, not offset, shall be subject to offset through the procedure effective until 1 January 2018.

(Article 449 amended and supplemented by HO-266-N of 21 December 2017, amended by HO-68-N of 25 June 2019, HO-101-N of 1 March 2023)

(Law HO-68-N of 25 June 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 450. Regulation of transitional tax relations pertaining to Section 5 of the Code

1. In case of submitting, before the entry into force of the Code, more than one verified calculation reports of excise tax for each reporting period before the entry into force of the Code, the penalty prescribed by part 3 of Article 10 of the Law of the Republic of Armenia “On excise tax” shall not be applied.

2. The deadline for the monthly payments of excise tax for the 4th quarter of 2017 shall be 20 January 2018, inclusive, while the debit amounts shall be recorded the day of submitting the tax calculation report.

3. The excise tax paid during the import in respect of stock- on-hand of diesel fuel imported before 31 December 2017, inclusive and in the possession of taxpayers as of 1 January 2018, in the amount of AMD 22 000 for each tonne, shall be considered to be excise tax amount being offset (reduced) and shall be included in the unified calculation report of value added tax and excise tax submitted for the reporting period of January 2018 as a separate excise tax amount in the declaration on raw materials imported to the territory of the Republic of Armenia and shall be credited to the joint account, in case it is substantiated by the results of an inspection or examination carried out as prescribed by Section 17 of the Code. For the purpose of ensuring application of this part the taxpayers shall be obliged to record-register the stock-on-hand of diesel fuel as of 1 January 2018 and submit to the tax authority the information thereon in accordance with the form approved by the tax authority before 20 January 2018, inclusive.

(Article 450 supplemented by HO-266-N of 21 December 2017, amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 451. Regulation of transitional tax relations pertaining to Section 6 of the Code

1. The advance profit tax payments made during 2017 using the alternative method of making advance profit tax payments shall be calculated and made until the 15th day, inclusive, of the last month of relevant quarters of 2017. The tax base of transactions of the quarters of the period until 31 December 2017, inclusive, which are taxed and not taxed by VAT, shall be calculated on the basis of the tax base of transactions — taxed and not taxed by VAT — reflected in the VAT quarterly calculation reports submitted to the tax authority for those quarters (in case of persons considered to be monthly VAT payers, the total amount of the tax base of transactions — taxed and not taxed by VAT — for the months included in those quarters reflected in VAT monthly calculation reports submitted to the tax authority).

2. Resident profit taxpayers and non-resident profit taxpayers carrying out activity in the Republic of Armenia through permanent establishment shall for the first time calculate and make advance profit tax payments for 2018 as prescribed by Article 135 of the Code. Prior to calculating the amount of profit tax for 2017 (prior to submitting to the tax authority the calculation report of the profit tax for 2017), the taxpayers referred to in this part shall each time make the advance profit tax payments in an amount not less than that of the last advance payment of 2017. While making the

first advance payment as prescribed by part 1 of Article 135 of the Code after calculating the amount of profit tax for 2017 (after submitting to the tax authority the calculation report of the profit tax), adjustment in the amounts of advance payments shall be made before the submission of the calculation report of the profit tax during 2018, by the sum total increasing since the beginning of the tax year and in the amount referred to in part 1 of Article 135 of the Code.

3. Individual entrepreneurs and notaries shall for the first time calculate and pay the advance profit tax payments for the first quarter of 2018 as prescribed by Article 135 of the Code, taking as a basis the amount of income tax calculated based on the results of the activity of the tax year of 2017 instead of amount of the profit tax calculated based on the results of the activity of the preceding tax year. Prior to calculation of the amount of income tax for 2017 (prior to submission to the tax authority of the calculation report of the income tax for 2017), the taxpayers referred to in this part shall each time make the advance profit tax payments in an amount not less than that of the last advance payment of income tax for 2017. While making the first advance payment as prescribed by part 1 of Article 135 of the Code, after calculation of the amount of income tax for 2017 (after submission to the tax authority the calculation report of annual incomes), adjustment in the amounts of advance payments made before the submission of the calculation report of annual incomes during 2018 shall be carried out, by the sum total increasing since the beginning of the tax year and in the amounts referred to in part 1 of Article 135 of the Code.

4. For the purpose of calculation of the amounts of amortisation deductions on intangible assets, where the fixed assets were acquired (constructed, developed) before 1 January 2014:

(1) as of 1 January 2018, the book values thereof shall be considered to be original costs of the relevant fixed assets after the adoption of the Code;

(2) as of 1 January 2018, the remaining amortisation periods thereof shall be considered to be the minimum amortisation terms of the relevant fixed assets after the adoption of the Code.

5. For the purpose of calculation of the amounts of amortisation deductions on intangible assets, where the fixed assets were acquired (constructed, developed) before 1 January 2014:

(1) the differences between the original costs thereof and the amortisation deductions of the relevant fixed assets before 1 January 2018 as prescribed by Article 12 of the Law of the Republic of Armenia “On profit tax” shall be considered to be the original costs of the fixed assets taking into account capital expenditure made on the relevant fixed asset or intangible asset in the period between 1 January 2014 and 1 January 2018 and results of re-evaluation carried out in a manner prescribed by law" shall be added after the word;

(2) the differences between the amortisation terms of relevant groups of fixed assets prescribed by Article 121 of the Code and those of actual amortisation deductions of relevant fixed assets before 1 January 2018 as prescribed by Article 12 of the Law of the Republic of Armenia “On profit tax” shall be considered to be the minimum amortisation terms of the relevant fixed assets.

5.1. Within the meaning of part 3 of Article 121 of the Code the provisions of parts 4 and 5 of this Article shall not be applicable for the purpose of classification of expenses made on the fixed assets and intangible assets as capital expenditure or current expenses and record-registration thereof.

6. 20 February 2018, inclusive, shall be defined as the deadline for the monthly payments of non-resident profit tax of tax agents for 2017.

7. The minimum profit tax amounts paid and actually not offset from the profit tax pertaining to the reporting periods before 1 January 2014 shall be offset from the actual profit tax amounts exceeding the amounts of profit tax advance payments of resident taxpayers pertaining to the reporting periods falling after 1 January 2018.

(Article 451 supplemented and edited by HO-266-N of 21 December 2017, amended by HO-338-N of 21 June 2018, HO-302-N of 16 June 2020)

(Law HO-338-N of 21 June 2018 has a transitional provision)

(Law HO-302-N of 16 June 2020 has a transitional provision)

Article 452. Regulation of transitional tax relations pertaining to Section 8 of the Code

1. Section 8 of the Code shall apply to the relations, which emerged after the entry into force of the Code, while the legislation regulating the relations pertaining to the environmental fees emerged before the entry into force of the Code shall apply to the relations pertaining to the environmental tax emerging before the entry into force of the Code.

2. The limits of the tax base defined by the Code in respect of the environmental tax, which had not been defined in respect of environmental fees before the entry into force of the Code, shall apply to the tax base calculated after the entry into force of the Code.

3. The statute of limitations prescribed by the General Part of the Code for arising of additional liabilities shall also apply in case of violations in the procedure of calculation and payment of

environmental fees carried out before the entry into force of the Code and detected as prescribed by Section 17 of the Code.

4. The calculation object of the environmental fee prior to the entry into force of the Code shall, starting from 1 January 2018 to 31 December 2020, inclusive, be considered to be environmental tax base for storing the subsoil, industrial and/or consumption waste in specifically designated areas.

5. Starting from 1 January 2018 to 31 December 2020, inclusive, the environmental fee for storing the subsoil, industrial and/or consumption waste in specifically designated areas shall be calculated in the manner and at the rates prescribed for calculation of environmental fee before the entry into force of the Code.

Article 453. Regulation of transitional tax relations pertaining to Section 9 of the Code

1. Section 9 of the Code shall apply to the relations, which emerged after the Code entered into force, while the legislation regulating the relations related to road fees before the entry into force of the Code shall apply to the relations related to the road tax, which emerged before the entry into force of the Code.

2. The statute of limitations prescribed by the General Part of the Code for arising of additional liabilities shall also apply in case of violations in the procedure of calculation and payment of road fees carried out before the entry into force of the Code and detected as prescribed by Section 17 of the Code.

Article 454. Regulation of transitional tax relations pertaining to Section 10 of the Code

1. Section 10 of the Code shall apply to the relations, which emerged after the Code entered into force, while the legislation regulating the relations pertaining to natural resources utilization fees emerged before the entry into force of the Code shall apply to the relations pertaining to the natural resources utilization fee, which emerged before the entry into force of the Code.

2. The benefits granted in respect of the natural resources utilization fee pursuant to the decisions of the Government before the entry into force of the Code shall be effective until the end of the terms prescribed by the relevant decisions of the Government.

3. The fee base limits defined by the Code in respect of the natural resources utilization fee, which had not been defined in respect of natural resources utilization fees before the entry into force of the Code, shall apply to the fee base calculated after the entry into force of the Code.

4. The statute of limitations prescribed by the General Part of the Code for arising of additional liabilities shall also apply in case of violations in the procedure of calculation and payment of natural resources utilization fees carried out before the entry into force of the Code and detected as prescribed by Section 17 of the Code.

(Article 454 amended by HO-261-N of 23 March 2018)

Article 455. Regulation of transitional tax relations pertaining to Section 13 of the Code

1. ***(part repealed by HO-68-N of 25 June 2019)***

2. 1 February 2018, inclusive, shall be defined as the deadline for the monthly payments of income tax of family entrepreneurship entities for 2017.

3. The organisations and individual entrepreneurs carrying out the types of activities prescribed by part 1 of Article 276 of the Code (except for the type of activity of passenger transportation carried out by buses and/or minivans) shall submit a statement on paying patent tax for the reporting period including January 2018 and shall make the payment of patent tax before 31 January 2018, inclusive. The organisations and individual entrepreneurs shall submit a statement on paying patent tax for January and/or February 2018 with regard to passenger transportations carried out by buses and/or minivans before 1 March 2018 inclusive, and the deadline for the payment of patent tax for the passenger transportations carried out by buses and/or minivans for January and/or February 2018, calculated as prescribed by the Code, shall be before 20 June 2018 inclusive.

(Article 455 edited by HO-124-N of 8 February 2018, amended by HO-68-N of 25 June 2019)

(Law HO-68-N of 25 June 2019 has a transitional provision)

Article 456. Regulation of transitional tax relations pertaining to Section 16 of the Code

1. The overpayments as of the day of the entry into force of the Code shall be subject to record-keeping as prescribed by the procedure established before the entry into force of the Code, in a separate sub-account of the State Budget funds maintained by the treasury. The refund of the overpayments referred to in this part shall be carried out pursuant to the procedure established after the entry into force of the Code.

2. The overpayments existing as of the day of the entry into force of the Code shall not be taken into consideration in terms of the calculation of fines with regard to the tax amounts emerged as a result of tax calculation reports (including verified) submitted by the taxpayer for the periods preceding the day of the entry into force of the Code.

3. As of the day of entry into force of the Code, the taxpayers shall be exempt from the calculated and outstanding amounts of minimum profit tax, as well as from the obligation of paying the prescribed fines.

4. Tax liabilities shall not be imposed in respect of the minimum profit tax amounts for the period preceding the day of the entry into force of the Code on the basis of the results of checks carried out according to the procedure established after the entry into force of the Code.

5. The amounts paid by the taxpayers failing to submit a statement on any tax calculation and termination of activity from 1 January 2010 until the day of the entry into force of the Code for the reporting period until 1 January 2010 shall be removed from records, if tax calculation reports have not been submitted for those reporting periods.

6. The liabilities incurred and debit amounts emerged as a result of calculations (including verified) related to the reporting periods until 1 January 2018 shall be subject to record-keeping as prescribed by the Government.

7. ***(part repealed by HO-172-N of 23 September 2019)***

8. ***(part repealed by HO-101-N of 1 March 2023)***

(Article 456 amended by HO-266-N of 21 December 2017, HO-261-N of 23 March 2018, amended, edited by HO-172-N of 23 September 2019, amended by HO-101-N of 1 March 2023)

(Law HO-172-N of 23 September 2019 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 457. Regulation of transitional tax relations pertaining to Section 17 of the Code

1. The tax inspections, tax examinations and other actions carried out within the scope of tax administration, which started and were not completed before the entry into force of the Code, shall continue, and the results thereof shall be summed up as prescribed by the legislation effective before the entry into force of the Code.

2. As of the first day of the month following the month when the Code entered into force, the VAT payers shall keep records of stock-on-hand according to the places of delivery and storage. The taxpayers, who are not considered to be VAT payers as of the point of entry into force of the Code, but will at any date in the future be considered to be a VAT payer or a newly-established VAT payer (who received state registration or record-registration) or the taxpayers, the customs value of whose goods imported from non-EAEU states under the customs regime “Release for domestic consumption” and the VAT tax base (without excise tax) of goods imported from EAEU member-states determined in the manner prescribed will exceed the threshold of AMD 100 million during any month of the tax year, the record-keeping of stock-on-hand shall be carried out on the first day of the month following the month of the day of being considered to be a VAT payer or exceeding the threshold of AMD 100 million during any of the months of the tax year. The results of the record-keeping referred to in this point shall be reflected in the form defined by the tax authority. The taxpayers may reflect the results of record-keeping in another format but mandatorily observing the required data and requisites in the form prescribed by the tax authority.

3. The excise stamps and labels put into circulation before the entry into force of the Code shall continue to be applied as long as they have not been removed from circulation as prescribed by the legislation effective before the entry into force of the Code.

4. The excise stamps and labels shall for the first time be put into circulation as prescribed by the Code after the entry into force of the Code.

5. As of the day of entry into force of the Code, for organisations, individual entrepreneurs and notaries not using cash register machines forwarding via network connection the information about the sum total of cash settlements made during the day to the tax authority, the usage of such cash register machines shall be mandatory within the time limits prescribed by the Government of the

Republic of Armenia, but not later, than until 1 January 2019. Cash register machines not complying with the requirements of Articles 380.1 and 381 of the Code shall be removed from registration in the procedure established by the tax authority.

6. The organisations, individual entrepreneurs and notaries (except for turnover taxpayers) not using cash register machines, forwarding via network connection means information on the sum total of cash settlements made during the day as of the day of entry into force of the Code, shall within the first five working days of each month prior to the time limit provided for by part 5 of this Article submit to the tax authority of the place of their record-registration information on the sum total of cash settlements made via each cash register machine during the previous month, in the form prescribed by the Government. The turnover taxpayers shall prior to the time limit provided for by part 5 of this Article include the quarterly information on the sum total of cash settlements made via each cash register machine in the turnover tax calculation report, submitted to the tax authority in the prescribed manner.

7. The tax liabilities recorded and not discharged (not satisfied) before 1 January 2025 shall, according to point 1 of part 6 of Article 319 of the Code, be recorded — as prescribed by the tax authority — in the personal account card maintained by the tax authority.

8. The tax liabilities recorded in the inspection or other administrative act drawn up by the tax authority and not discharged (not satisfied) before 1 January 2025 shall, according to point 2 of part 6 of Article 319 of the Code, be recorded — as prescribed by the tax authority — in the personal account card maintained by the tax authority.

9. The VAT and excise tax refundable amounts available as of 31 December 2024 shall be recorded as risk-prone refundable amounts. These refundable amounts may be directed with respect to VAT to the satisfaction of the VAT liabilities in accordance with part 3 of Article 74 of the Code, or credited to the single account in accordance with part 5 of Article 74 of the Code, and these refundable amounts may be directed with respect to excise tax to the satisfaction of excise tax refundable amounts in accordance with part 3 of Article 95 of the Code, or credited to the single account in accordance with part 5 of Article 95 of the Code.

10. The tax liabilities reflected in the tax calculation reports (including verified) submitted to the tax authority after 1 January 2025 or imposed by the inspection or other administrative act drawn up by the tax authority shall, regardless of the reporting period they refer to, be recorded according to part 6 of Article 319 of the Code in the personal account card maintained by the tax authority, as prescribed by the tax authority.

(Article 457 supplemented by HO-191-N of 25 October 2017, HO-266-N of 21 December 2017, amended by HO-261-N of 23 March 2018, supplemented by HO-172-N of 23 September 2019, HO-55-N of 4 March 2022, edited, supplemented by HO-101-N of 1 March 2023)

(Law HO-172-N of 23 September 2019 has a transitional provision)

(Law HO-55-N of 4 March 2022 has a transitional provision)

(Law HO-101-N of 1 March 2023 has a transitional provision)

Article 458. Regulation of transitional tax relations pertaining to Section 18 of the Code

1. The sanctions prescribed by Section 18 of the Code for violating the requirements defined by the Code or for failing to comply with them shall be effective until the entry into force of the new Code of the Republic of Armenia on Administrative Offences in case sanctions are prescribed by it for violating the defined requirements or for failing to comply with them.

President
of the Republic of Armenia **S. Sargsyan**

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