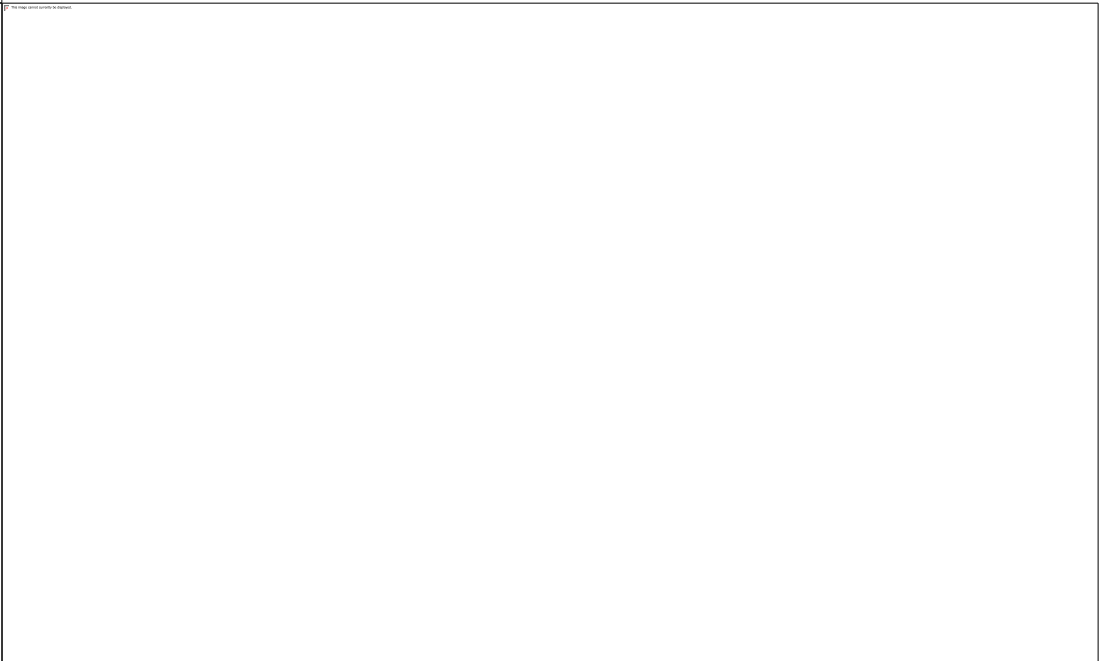
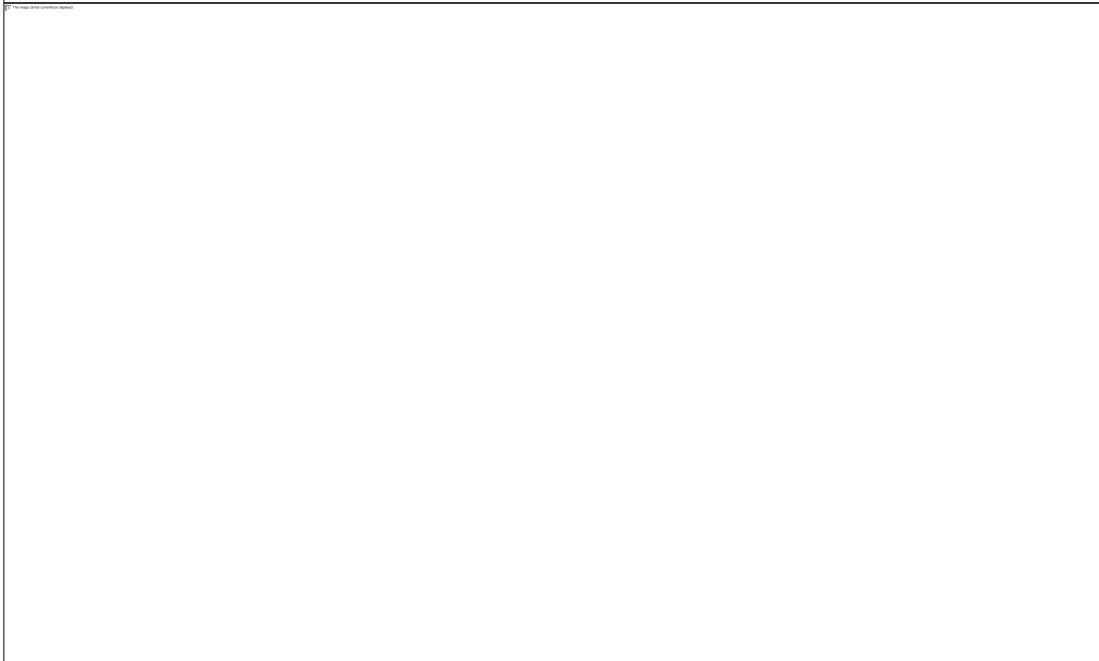
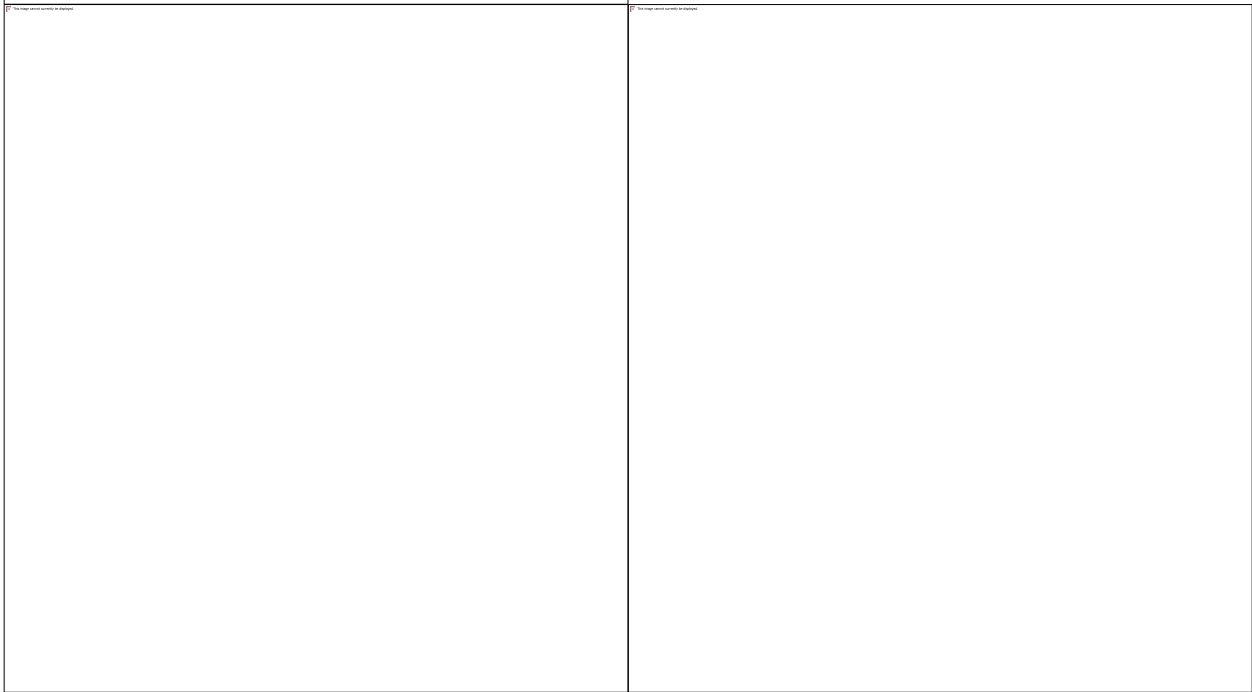
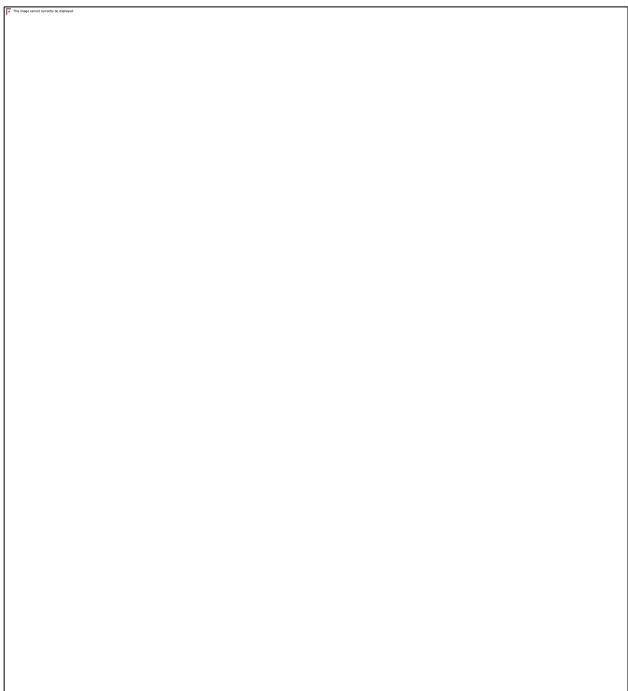
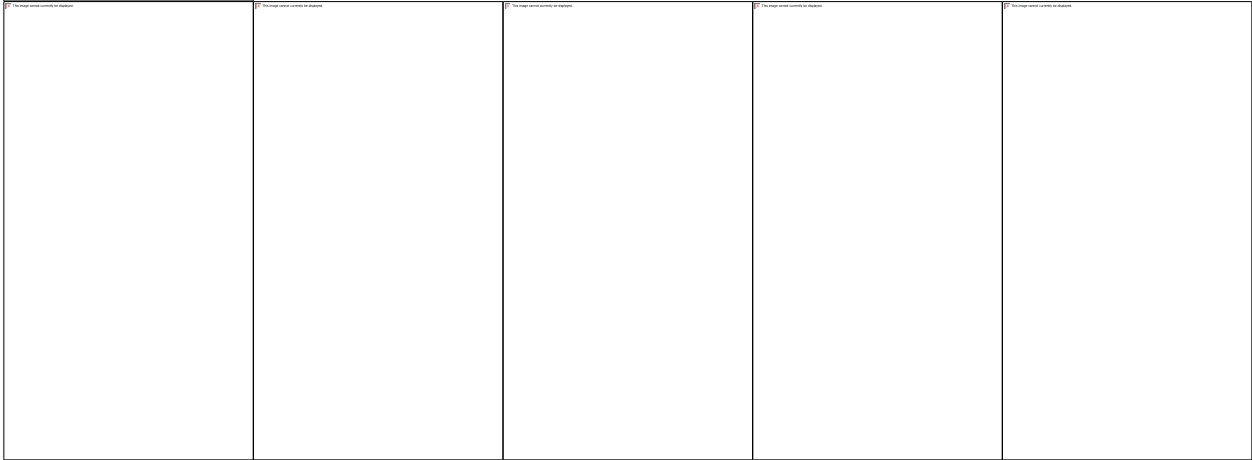
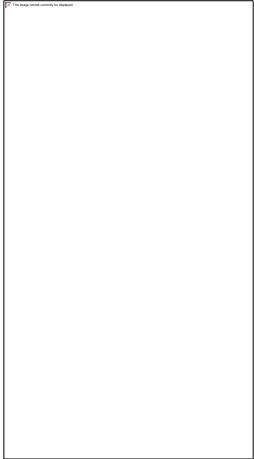


Tax system Republic of Armenia

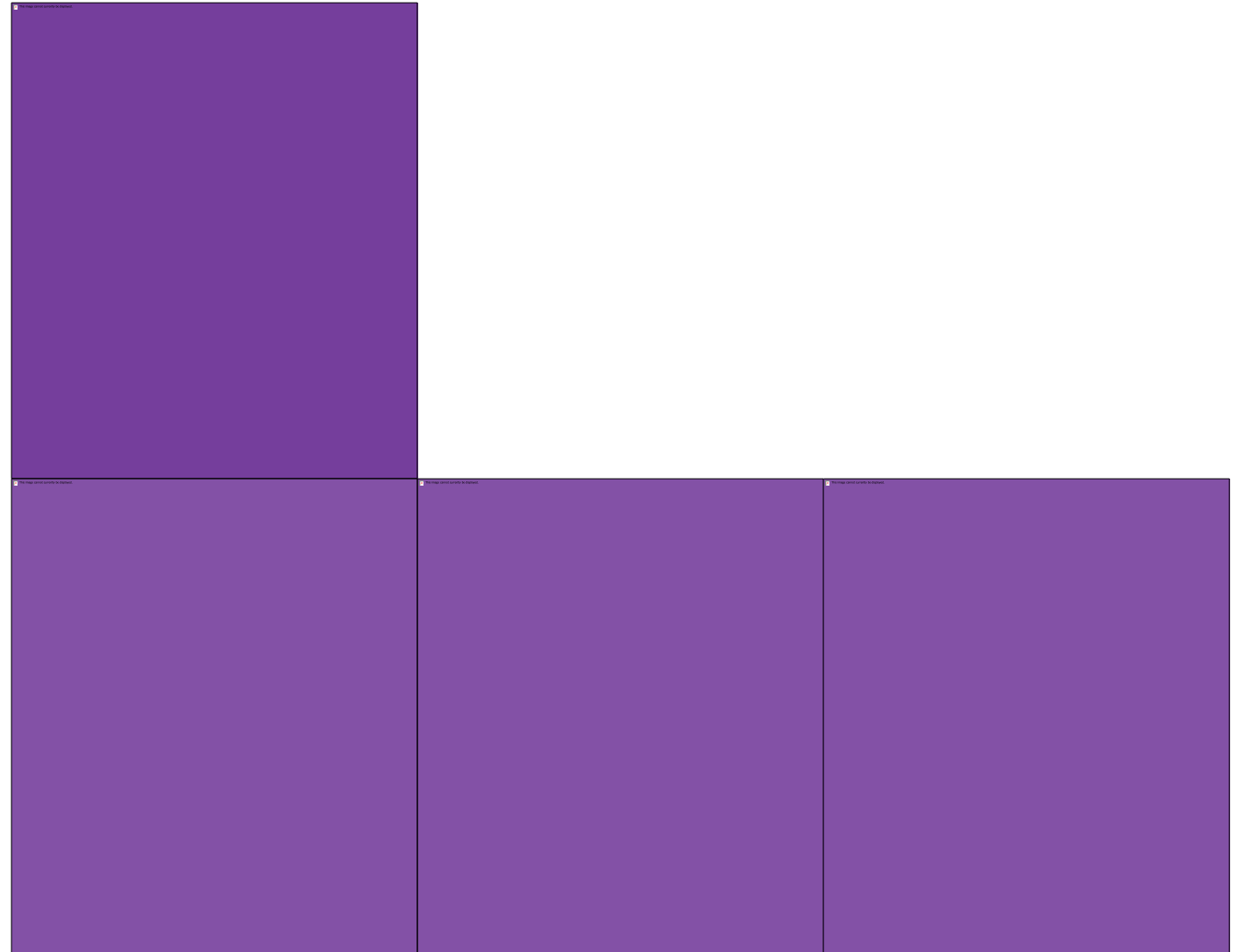
**by Yevgenya Nalbandyan
2018**





There are **general** and **special** taxation systems in the Republic of Armenia

Organizations, individual entrepreneurs and notaries in the framework of the general system from business activities are paid to VAT and corporate income tax.



Value Added Tax - an indirect tax that is paid to the state budget when goods are imported, at all stages of their production and circulation, as well as the provision of services in Armenia. Persons engaged in business transactions are considered taxpayers from the time when the total revenue for the year exceeds 50.05 million AMD (100,000 USD)

Value Added Tax Rates

VAT is calculated at a rate of 20 %

VAT included in the price determined by rate of 16.67%

VAT is calculated at the rate of 0% from the tax base for operations (supply of goods exported from the territory of the Republic of Armenia)

The following transactions and transactions are exempt from VAT

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

In the case of export of goods purchased by foreign citizens and stateless persons on the territory of the Republic of Armenia, VAT amounts included in their prices and paid in the Republic of Armenia are refunded

Excise tax is an indirect tax paid by the state budget for the importation of goods or for the alienation of these goods by persons producing them in Armenia.

Excise rates for alcoholic beverages

| The product's name | Base Unit | Excise tax rates From January 1, 2019 |
|--|---|---|
| ethyl alcohol | cost excluding VAT and excise tax or customs value or 1 liter (100% alcohol processing) | 50 %, but not less than 900 AMD (1.84 USD) for liter |
| alcoholic beverages | cost excluding VAT and excise tax or customs value or 1 liter | 84%, but not less than 835 AMD (1.71 USD) per liter |
| vodka made from fruits and / or berries; | 1 liter | 1 liter for 800 AMD (1.64USD) |
| brandy, brandy and other alcoholic beverages | 1 liter (100% alcohol processing) | <ul style="list-style-type: none"> •From 1 to 3 years aging- 3 000 AMD (6.15 USD) •From 4 to 5 years aging- 3 500 AMD (7.17 USD) •From 6 to 10 years aging – 6 000 AMD (12.3 USD) •From 11 to 15 years aging- 8500 AMD (17.4 USD) •From 16 up to 19 years aging- 14 000 AMD (28.7USD) •From 20 and more aging - 22 000 AMD (45 USD) |
| whiskey, rum | cost excluding VAT and excise tax or customs value or 1 liter | 76%, but not less than 1 liter – 4 560 AMD (9.3 USD) |
| beer | cost excluding VAT and excise tax or customs value or 1 liter | 30%, but not less than 105 AMD (0.2 USD) per liter |
| Grape, fruit, berry wines | cost excluding VAT and excise tax or | 10% but not less than 100 AMD (0.2 USD) per liter |

Excise rates for fuel

| The product's name | Base Unit | Excise tax rates From January 1, 2019 |
|--|-------------------------|--|
| petrol | 1 t. | 4 0000 AMD (82 USD) |
| diesel fuel | 1 t. | 1 3000 AMD (27 USD) |
| raw oil, petroleum products | 1 t. | 27000 AMD (55 USD) |
| petroleum gases and other gaseous carbohydrates | 1 t. | 1 000 AMD (2 USD) |
| compressed natural gas | 1000 cubic meter | 25 000 AMD (51 USD) |

Excise rates for cigarettes and lube oil

| The product's name | Base Unit | Excise tax rates From January 1 2019 |
|--------------------------------|---|--|
| cigarette products | The maximum retail price of cigarette products, indicated by the Government, excluding VAT and excise | 15%, but not less than 1000 units, 8370 AMD (17.1 USD) |
| cigar | 1000 pieces | 60 5000 AMD (1240 USD) |
| cigarilla | 1000 pieces | 16 500 AMD (34 USD) |
| cigarette industry substitutes | 1 kg. | 1 500 AMD (3 USD) |
| lube oil | cost excluding VAT and excise tax or customs value or 1 kg | 50%, but not less than 1 kg for 400 AMD (0.8 USD) |

Corporate income tax

Corporate income tax is a direct tax paid by taxpayers to the state budget. The corporate income tax in Armenia is paid by residents of Armenia (residents established or registered organizations are considered residents) and non-residents, with the exception of budgetary institutions of Armenia and the Central Bank of the Republic of Armenia. Taxable profit is the positive difference between the

Tax on personal Income

Tax on personal Income is a direct tax paid by taxpayers. Income tax in Armenia is paid by resident individuals and non-resident individuals.

A resident is an individual who was in Armenia for a total of 183 days or more tax year or whose center of vital interests is in Armenia.

Sources of personal income

| 1. Personal services by others | 2. Personal services by others | 3. Personal services by others | 4. Personal services by others | 5. Personal services by others | 6. Personal services by others |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | | | | |

Person income tax rates

1. For salary

| Amount of taxable annual income, AMD | Amount of tax |
|---|--|
| Up to 150 000 AMD (307 USD) | 23% of taxable income |
| From 150 001 to 2 million AMD (308 - 4 000 USD) inclusive | of 34 500 AMD (71 USD) plus 28% of the amount exceeding 150 000 AMD (307 USD) |
| 2 000 001 (4 000 USD) and above | 552 500 AMD (1 131 USD) plus 36% of the amount exceeding 2 million AMD (4 000 USD) |

2. The tax on interest, royalties are calculated at the rate of 10%.

3. Rental payments are calculated at a rate of 10%, and the total amount of rental payments received during the tax year exceeds 58.35 million AMD (120,000 USD) for an individual exceeding additional income tax at a rate of 10%.

4. Income tax on dividends for foreign citizens and stateless persons is calculated at a rate of ten percent, and income tax on dividends received by citizens of the Republic of Armenia is calculated at a rate of five percent.

Property tax

This is a direct tax paid for property owned by taxpayers. Individuals and legal entities that own property on the territory of Armenia are considered taxpayers.

The object of taxation is considered residential buildings and land.

The property tax base is the cadastral value of land and buildings.

The taxable base for agricultural land is the considered income calculated by cadastral valuation.




Vehicle Property Tax

It is a local tax. Taxpayers of motor vehicles are organizations and individuals, with the exception of state bodies and the Central Bank of the Republic of Armenia. The objects of vehicle tax are:

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

Property tax for motor vehicles is calculated at the following annual rates:

1) for passenger cars with a capacity of up to 10 seats, if the taxable base is:

-  up to 120 horsepower - 200 AMD (0.41 USD) for each horsepower
-  from 120 to 250 horsepower - 300 AMD (0.62 USD) for each horsepower, and for each horsepower exceeding 150 horsepower, an additional 1000 AMD (2.06 USD)
-  from 250 horsepower and more - 500 AMD (1 USD) for each horsepower, and for each horsepower exceeding 150 horsepower, an additional 1000 AMD (2.06 USD)

Property tax for motor vehicles is calculated at the following annual rates:

2) for passenger cars with a capacity of 10 or more seats and trucks, if the taxable base is:

- up to 200 horsepower - 100 AMD (0.21 USD) for each horsepower
- 200 horsepower and more - 200 AMD (0.41 USD) for each horsepower

The amount of property tax for motor vehicles of more than three years is reduced for each year following the third year - by 10% of the tax amount, but not more than 50% of the tax amount.



3) for motorbike is calculated at the rate of 40 AMD (0.08 USD) for each tax base in horsepower.

4) for water transport, snowmobiles and quad bike is calculated at the rate of 150 AMD (0.31 USD) for each tax base in horsepower.

Tax on a turn

Persons whose total turnover did not exceed 58.35 million AMD (120,000 USD) during the previous year can be considered as tax payers. The turnover that is taxable is the turnover of transactions.

| Type of income | percent |
|--|---------|
| Income from trading (purchase and sale) activities | 5 |
| Income from the alienation of the newspaper | 1,5 |
| Income from production activities | 3,5 |
| Rent, interest, royalties, income from real estate | 10 |
| Income from notarial activities | 10 |
| Income received from the organization of the lottery | 25 |

Family entrepreneurship

Family entrepreneurship is a joint activity of several family members.

The subject of a family business can be considered a resident commercial organization and an individual entrepreneur, whose turnover in all types of activities did not exceed 18 million AMD (37,000 USD) during the previous tax year. The family entrepreneurship are exempt from the payed taxes to the state budget.

Patent tax

Patent taxpayers are organizations and individual entrepreneurs who's carrying out certain types of activities. The following types of activities carried out are considered to be the objects of patent taxation:

| The type of activity to be taxed | The type of activity to be taxed | The type of activity to be taxed | The type of activity to be taxed | The type of activity to be taxed | The type of activity to be taxed | The type of activity to be taxed |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | | | | | |

Monthly patent tax rates

| Type of activities | Baseline data | Patent tax monthly unit rate for according to calculations | |
|--|---|--|---|
| | | Yerevan | In regional centers |
| Passenger car | For each cars: | 9 500 AMD (20 USD) | 5 600 AMD (12 USD) |
| Bus passenger transportation | For each buses: | 1 800 AMD (3.7 USD) | |
| Minibus passenger transportation | For each minibuses: | 2 300 AMD (4.7 USD) | |
| Hairdressing activities | For each workplaces; | 15 000 AMD (31 USD) | 12 000 AMD (25 USD) |
| Billiards organization | For each tables | 40 000 AMD (82 USD) | 20 000 AMD (41 USD) |
| Organization of table tennis | For each tables | 10 000 AMD (21 USD) | 7 000 AMD (14 USD) |
| Organization of trade in food through coins (or) or cash registers | For each machines: | 5 000 AMD (10.2 USD) | 4 000 AMD (8.2 USD) |
| Organization of games using coin machines | For each machines: | 5 000 AMD (10.2 USD) | 4 000 AMD (8.2 USD) |
| Dental practice | armchair, up to three inclusive | for each seat 80 000 AMD (164 USD) | for each seat 57 000 AMD (117 USD) |
| | armchair, more than three | 240 000 AMD (464 USD) plus 48 000 AMD (99 USD) for each seat on three chairs | 171 000 AMD (351 USD) plus 34 000 AMD (70 USD) for each seat on three seats |
| Tote Organization | For each computers | 75 000 AMD (154 USD) | |
| Buying and selling precious metals, | counter or store up to 0.5 square meters | 35 000 AMD (72 USD) a plus 0.5 square | 25,000 AMD (51.4 USD) a plus 0.5 square |

Ecological tax

The ecological tax is a tax payable to the state budget for the need to implement environmental protection measures.

Road tax

Road tax payers for the use of roads of the Republic of Armenia are considered to be the owners of freight vehicles, as well as persons who place billboards on public roads of the Republic of Armenia.

**Thanks
for
attention**