



Legal update

February 2023



Contents

1. [Amendments and supplements to the Law of the Republic of Armenia “On state registration of legal entities, state registry of separate subdivisions of legal entities, institutions and individual entrepreneurs” from 03.04.2001, amendments to the Law of the Republic of Armenia “On limited liability companies” from 24.10.2001](#)
2. [Amendments and supplements to the Law of the Republic of Armenia “On Energy” from 07.03.2001](#)
3. [Amendments to the Law of the Republic of Armenia “On Education” from 14.04.1999](#)
4. [Amendments and supplements to the Law of the Republic of Armenia “On initial professional \(craft\) and vocational education” from 08.07.2005](#)
5. [The initiative to amend and supplement the Law of the Republic of Armenia “On state registration of rights to property” from 14.04.1999](#)
6. [The Government decision of the Republic of Armenia No. 175-Ն from 09.02.2023](#)
7. [Competition Protection Commission decision of the Republic of Armenia No. 31-Ն from 24.01.2023](#)

Dear colleagues,

It is our pleasure to share PwC Armenia February 2023 legal update. We hope it will be useful. For more details please do not hesitate to contact us at PwC Armenia by contact information provided at the end of this document.



Amendments and supplements to the Law of the Republic of Armenia “On state registration of legal entities, state registry of separate subdivisions of legal entities, institutions and individual entrepreneurs” from 03.04.2001, the Law of the Republic of Armenia “On limited liability companies” from 24.10.2001

In brief

Amendments and supplements to the Law “On state registration of legal entities, state registry of separate subdivisions of legal entities, institutions and individual entrepreneurs”, and the Law “On limited liability companies” are aimed at reforming and simplifying the registration procedure of legal entities, making that procedure easier and more accessible for the purpose of doing business in Armenia, as well as simplifying the respective liquidation procedure. The amendments came into force on 10 February 2023.

In detail

Amendments to the Law “On state registration of legal entities, state registry of separate subdivisions of legal entities, institutions and individual entrepreneurs”

Before adoption of the amendments, the information provided by the Judicial Department and the enforcement service on the absence of initiated and unfinished court cases and proceedings with the participation of the legal entity was also submitted for the state registration of liquidation of legal entity. According to the amendments the requirement to submit such information is removed, which reduces the number of documents to be submitted for the respective liquidation procedure.

Taking into account the terms of registration of legal entities and the number of documents to be examined for registration, the terms of registration have also been clarified. In particular, as a general rule, registration is carried out within one working day, but this rule does not apply to non-commercial organizations and other cases provided for by law.

Amendments to the Law “On limited liability companies”

According to current regulations the information about shareholders of limited liability companies is recorded in the unified state register of legal entities. At the same time, passport details of shareholders is also indicated in the company's charter based on the current law “On limited liability companies”.

When changing the passport details of shareholders it affects the data recorded in the unified state register of legal entities, while the data specified in the charter remain unchanged resulting in a contradictive situation. As a result, individuals were forced to make amendments in the charter with the further filing and registration with the competent authority. As a solution, amendments to the Law “On limited liability companies” provide for indication of individual's public service number or waiver certificate number in the charter of limited liability companies instead of passport details. For foreign citizens or stateless persons, the number of any personal identification document is provided. Therefore, with each passport detail change, the need to amend the charter is eliminated.

The amendments are aimed at modernizing the services provided by the state registry, reducing the possible risks of misinterpretation of laws and resulting inconveniences, with the main purpose of increasing the attractiveness of doing business in Armenia.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=156369>

<https://www.irtek.am/views/act.aspx?aid=156370>

Amendments and supplements to the Law of the Republic of Armenia “On Energy” from 07.03.2001

In brief

Amendments and supplements to the Law “On Energy” introduce the principles of organization of electricity trade in the balancing market. The amendments came into force on 10 February 2023.

In detail

According to the amendments to the Law “On Energy” the concepts of “balancing electricity” and “balancing service” are provided. Balancing electricity is the difference of direct electricity contracts and the quantities of electricity sold and bought in the markets the day before in real time, compared to the quantities of electricity actually delivered and received (including imported and exported or transited) in the same calculation period, determined in accordance with market rules. Balancing service is a service provided in accordance with market rules for the purpose of balancing electric energy production.

According to the amendments and supplements to the Law “On Energy” a new type of service provided by a person holding a production license in the field of energy is defined, which is the provision of balancing service. The amendments also define the role and functions of the balancing service provider in the wholesale electricity market.

At the same time the amendments provide that the provision of electric vehicle charging service is considered as transfer of electric energy from consumer to another person.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=156366>



Amendments to the Law of the Republic of Armenia “On Education” from 14.04.1999

In brief

Amendments to the Law “On Education” specify the competence of the authorized state body in the field of education and also relate to some licensing issues in this sphere. The amendments came into force on 10 February 2023.

In detail

According to the amendments to the Law “On Education” the approval of the saturation levels of laboratories, workshops, classrooms, gymnasium with devices, equipment, materials, and property has been added to the powers of the authorized body in the field of education. The purpose of this amendment is to implement the monitoring of licensing conditions and requirements as defined for educational institutions.

Moreover, the amendment specifies that a separate insert should be issued for each educational program. The amendments are introduced with the goal to make the licensing process more clear and effective, regulate the inconsistency between legal acts by enshrining that procedure by law.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=156367>

Amendments and supplements to the Law of the Republic of Armenia “On initial professional (craft) and vocational education” from 08.07.2005

In brief

Amendments and supplements to the Law “On initial professional (craft) and vocational education” clarify the status of educational institutions, the powers of the government and authorized state body in the field of education, as well as regulate the issues of certification of teachers. The amendments came into force on 10 February 2023.

In detail

The amendments and supplements to the Law “On initial professional (craft) and vocational education” have clarified that initial professional and vocational educational institutions may have any legal organizational form provided by law regardless of whether they are state or non-state entities. Before the amendments only non-state educational institutions were allowed to chose their legal organization form.

The amendments also clarify and expand the powers of the government and authorized state body in the field of initial professional and vocational education. In particular, it is provided that the government approves (i) the procedure for admission of foreign citizens to educational institutions, (ii) the procedure for distance learning of educational programs, while the authorized state body defines (i) the procedure for introduction and operation of the credit system, (ii) the naming procedure for educational institutions.

Provisions regarding the processes of certification of teachers, awarding of qualification categories, as well as setting additional fees have been added to the Law.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=156368>



The initiative to amend and supplement the Law of the Republic of Armenia “On state registration of rights to property” from 14.04.1999

In brief

The Government of the Republic of Armenia has approved the initiative to make amendments and supplements to the Law “On state registration of rights to property”, which will increase the electronic document circulation, ensure the completeness and transparency of the information base in the field of cartography, geodesy, measurement and land construction activities, and the accuracy of state registration. The Government decision was adopted on 23 February 2023.

In detail

The main goals of the proposed amendments and supplements are:

- To stimulate the growth of electronic proceedings. In order to achieve that goal, the obligation to electronically submit the legal documents necessary for the state registration of rights and restrictions to the property, as well as the decision to define or change the purpose of the land and building is provided.
- To structure the required information in the field of cartography, geodesy, measurement and land construction activities. It is envisaged that the authorized body publishes on its official website the names, communication means and the workplace of professionals qualified for cartography, geodesy, measurement and land construction activities. At the same time, communication means and the workplace might be published based on the consent of those qualified professionals, while no consent is required for publishing their names.
- To create a complete information base for state registration of rights to automobile roads. For this purpose, it is envisaged that the registration of rights to the road network can also be carried out at the initiative of the State Registry of Real Estate.

For more details, please visit

<https://www.e-gov.am/gov-decrees/item/39911/>

The Government decision of the Republic of Armenia No. 175-Ն from 09.02.2023

In brief

The Government decision No. 175-Ն from 09.02.2023 “On approving the procedure for selection, development, evaluation and prioritization of public investment programs” is aimed at improving public investment management system and ensuring targeted use of public funds. The decision came into force on 20 February 2023.

In detail

The necessity of adopting the Government decision is determined by the requirements of the provisions of the Law of the Republic of Armenia “On Public Private Partnership”. The decision is aimed at improving the legislative framework of public investment management system. Public investment is the acquisition of a non-financial asset at the expense of the consolidated budget, as well as a result of implementation of public-private partnership programs, which causes an expense or contingent liability for the state budget of the Republic of Armenia.

The Government decision specifies the scope of responsible bodies and the functions performed by them, as well as improves the evaluation standards of public investment projects in the Republic of Armenia. The decision defines a specific evaluation methodology for public investment programmes, whereas setting a threshold of AMD 1 billion for the projects where that evaluation methodology will be applicable.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=120026>



Competition Protection Commission decision of the Republic of Armenia No. 31-Ն from 24.01.2023

In brief

Competition Protection Commission has adopted a decision No. 31-Ն from 24.01.2023 revising the methodology for choosing a measure of responsibility and calculating a fine in the field of economic competition. The Competition Protection Commission decision came into force on 1 February 2023.

In detail

The general formula for the calculation of a fine remain the same. The Competition Protection Commission calculates the fine according to the following formula: $F = B + B \times (A - M)$ where:

- “F” is the amount of fine;
- “B” is the base amount of fine;
- “A” is the sum of interest for all aggravating circumstances;
- “M” is the sum of the interest for all mitigating circumstances.

However, the formula for calculating the base amount of fine has changed. The base amount of fine is calculated on the basis of different methods depending on the group of offense. The first group of offenses includes the following infringements:

- entering into an anti-competitive agreement;
- prohibited coordination of economic activity;
- abuse of monopoly or dominant position;
- abuse of a strong negotiating position;
- putting the prohibited concentration into effect.



The offenses of the second group include the offenses of unfair competition, except for promotions. Promotions are separated and frame the third group of infringements, while the following offenses are included in the fourth group:

- non-declaration of concentration;
- non-submission of documents or other information or submission of unreliable information by an economic entity;
- obstructing the implementation of the powers of the Competition Protection Commission by an economic entity;
- failure to stop or correct violations within the specified period;
- submission of documents or other information by an economic entity after the specified period or submission of incomplete information.

The method of calculating aggravating and mitigating circumstances also differs depending on the offense group.

For more details, please visit

<https://www.irtek.am/views/act.aspx?aid=119930>



Contact us

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