

Legal update

July 2020



Contents

Supplements and Amendments to the Law of the RA “On Securities Market” in accordance with the Law of the RA № HO-306-N adopted on 3 June 2020	3
Amendment to the Tax Code of the RA in accordance with the Law of the RA № HO-307-N adopted on 3 June 2020 (entered into force on 25 June 2020)	4
Supplement to the Tax Code of the RA in accordance with the Law of the RA № HO-282-N adopted on 1 June 2020 (entered into force on 5 June 2020)	5
Supplements and Amendments to the Tax Code of the RA in accordance with the Law of the RA № HO-280-N adopted on 1 June 2020 (entered into force on 15 June 2020)	5



Supplements and Amendments to the Law of the RA “On Securities Market” in accordance with the Law of the RA № HO-306-N adopted on 3 June 2020

Supplements and amendments to Article 98 of the Law

Article 98 part 2 point 6 restate as follows

It is not considered as disclosure of official information and is not prohibited by part 1 of this Article in case of:

provision of official information on the list of the opened security accounts of a client and the holders of stocks of a joint-stock company to the Prosecutor General's Office of the Republic of Armenia, the Investigative Committee of the Republic of Armenia, the Special Investigation Service of the Republic of Armenia, the National Security Service of the Republic of Armenia, the State Commission for the Protection of Economic Competition of the Republic of Armenia, the State Revenue Committee of the Republic of Armenia and the Police of the Republic of Armenia opened by the Central Depository and other persons entitled to keep a register of the security holders (nominal holders), including information on shareholders (nominees), nominal value, quantity, type, class, issuer, shares transactions, information on ownership of shares restriction, within the meaning of Article 197 of the Law, the provision of information available to Armenian nominees and Foreign nominees.

Article 98 part 2 point 7

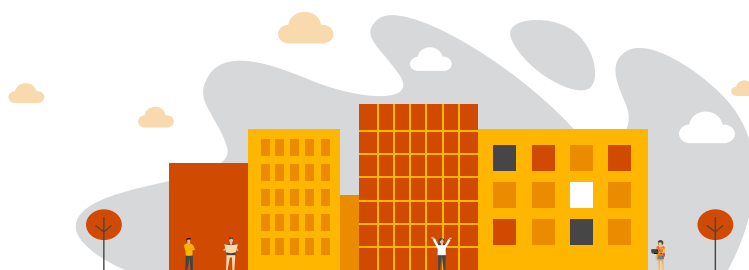
Recognized as invalid

It is not considered as disclosure of official information and is not prohibited by part 1 of this Article in case of:

provision of information on securities transactions to the tax authorities by the Central Depository only on the basis of a court decision adopted in accordance with the procedure prescribed by the Civil Procedure Code of the RA and Criminal Procedure Code of the RA.

Article 98 supplement part 3 as follows

The procedure for providing information provided for in Article 98 part 2 point 6 of the Law shall be established by the Government of the Republic of Armenia. The Central Depository and other persons entitled to keep the register of securities owners (nominees) shall provide the information provided for in part 2 point 6 of this Article by providing access to the electronic information system, in case of impossibility to receive information from that system or in case of need to receive information that has not entered into the system, by submitting a written response to a request from the relevant authority. The information shall be provided free of charge, except for the information provided in paper form, for which the procedure and amount of compensation shall be determined by the decision of the Government of the Republic of Armenia defining the procedure for providing information.



Supplement Article 197 part 13 of the Law as follows

Article 197 part 13

In case of inquiries about the information available to the Armenian or Foreign nominees by the bodies mentioned in Article 98 part 2 point 6 of the Law, the Central Depository shall apply to the nominees within the established timeframes and procedure defined in Article 197 of the Law and transfer the information received on the basis of the application to the requesting body.

Transitional provisions

The Law of the RA № HO-306-N adopted on June 3 2020 entered into force on 25 June 2020.

The Government's decision defining the procedure for providing information prescribed by Article 98 part 2 point 6 of the Law shall be adopted within two months after the entry into force of Law of the RA № HO-306-N.

Amendment to the Tax Code of the RA (hereinafter “the Code”) in accordance with the Law of the RA № HO-307-N adopted on 3 June 2020 (entered into force on 25 June 2020)

Restate Article 350 part 1 point 4 subparagraph “y” as follows

Article 350 part 1 point 4 subparagraph “y”

In cases and within the procedure defined by the Law of the Republic of Armenia “On Securities Market” the list of securities accounts opened by the customer by the Central Depository or other persons entitled to keep the register of securities owners (nominees), official information on the type and status of each account, as well as official information on shares and shareholders (nominees).



Supplement to the Tax Code of the RA in accordance with the Law of the RA № HO-282-N adopted on 1 June 2020 (entered into force on 5 June 2020)

Supplement Article 121 part 2 point 3 of the Code as follows

Article 121 part 2 point 3

Irrespective of the provisions of part 1 of this Article

from 1 July 2020 till 31 December 2020 the minimum amortization period of fixed assets imported or acquired (constructed, processed) is determined at the discretion of the resident taxpayer, non-resident profit taxpayer operating in the Republic of Armenia through a permanent establishment, but not less than a year.

Supplements and Amendments to the Tax Code of the RA in accordance with the Law of the RA № HO-280-N adopted on 1 June 2020 (entered into force on 15 June 2020)

Supplement Article 4 part 1 of the Code as follows

Article 4 part 1 point 57

Place of supply — unit of immovable property, having or not having an address, trade facility, sales outlet of a trading area, **mobile trading 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 use but not demarcated by the areas belonging to other persons by the right of possession or use) belonging to the taxpayer or used by him/her, wherefrom the goods are supplied or transported.

Article 4 part 1 point 58

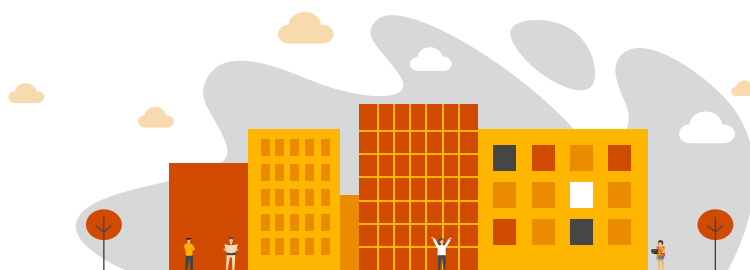
Point of supply - means of transportation, which is used by a taxpayer for supplying or transporting his/her goods, as well as a **mobile trading point**.

Supplement and amendments to Article 55 of the Code

Article 55 part 2 point 5 (supplements)

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

- cash register machine receipt (**including electronic receipt of electronic cash register machine**).



*Article 55 part 3 point 2
(amendments)*

In part 2 of this Article:

- accounting document prescribed by point 5 shall apply to the acquisition of the right to receive income from the supply of goods, performance of work and (or) provision of services and if **in addition to the mandatory information (data) receipt contains taxpayer identification number (TIN) of the organisation purchasing goods, receiving work and (or) service**, individual entrepreneur or notary, then the recognition of the cost of purchasing the product, acceptance of work or service, as well as documenting **supply of goods or transfer**.

Article 55 part 11

Recognized as invalid.

Transactions executed within the framework of the electronic commerce and prescribed by points 1 and 2 of this Article may be documented on the basis of the documents issued by payment and settlement organisations or the document printed by the payment instruments (equipment) applied by these organisations.

Supplements and amendments to Article 56 of the Code

*Article 56 part 3 point 1
(supplements)*

Accounting documents shall be issued in electronic form, except for:

- the cash register machine receipt as **prescribed by Article 380 of the Code**, as well as accounting documents containing information that is considered confidential and (or) restricted to use.

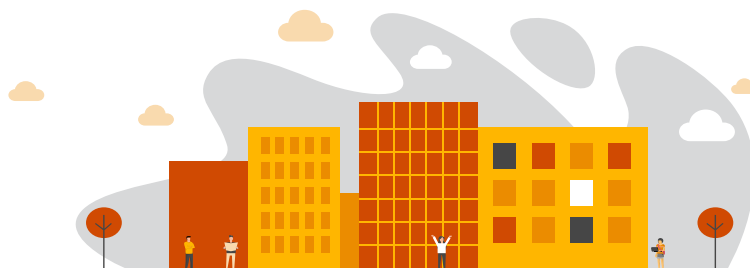
*Article 56 part 4
(amendments)*

Accounting documents shall be issued upon supplying goods, completing the performance of work (including the stages provided for by the contract) and (or) completing the provision of services (including in accordance with the stages provided 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 the goods.

*Article 56 part 8 point 1
(amendments)*

Based on the peculiarities of organisation of the activities:

- **accounting documents prescribed by Article 55 part 2 points 1-4 of the Code** may be issued in advance provided that goods mentioned in that accounting document must be supplied on the day of supply of goods specified in the accounting document, or works must be performed or the performance must be completed on the day of completion or completion of works specified in accounting document, or services must be provided or provision must be completed on the day of provision of services or completion of the services specified in accounting document.



Provisions of Article 56 point 8.1 of the Code shall apply to the regulations set forth in Article 380 of the Code until 31 December 2020

Supplement Article 56 point 8.1 as follows

According to Articles 380 and 380.1 of the Code cash register machine operators may print (generate) cash register receipts in advance when carrying out retail trade (deliveries) on the basis of orders, performing work for the population or providing services to the population provided that in case of supply of goods (delivery) they must be printed (generated) before removing the delivered goods from the place of supply or the point of supply.

Supplements and amendments to Article 57 of the Code

Article 57 part 2 (amendments)

The 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**, shall be accompanied by the cash register receipt, and the transportation of goods imported to the territory of the Republic of Armenia

- a) from non-EAEU member states, by customs declaration of import of goods,
- b) by land transport from the EAEU member states, by transit declaration, as well as by electronic means of providing goods to the tax authority through electronic means of communication (hereinafter referred to as electronic device ensuring the traceability of goods) and in case of import by air transport - by the accounting document of airway.

Supplement Article 57 point 2.1. as follows

The electronic receipt of the electronic cash register machine issued (generated) in accordance with the procedure established by the Government shall be considered as an accompanying document in the manner of this article.

Article 57 part 7 (amendments)

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 in the cases **when the use of cash register machine is mandatory, except for the mobile trading points and in the cases specified in Article 56 part 8.1 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.

Supplements to Article 380 of the Code

Article 380 part 1 (supplements)

In case of cash settlements (including advance payments, instalments) made in cash by organisations, individual entrepreneurs and notaries, the use of cash register machines shall be mandatory when making retail sale through shopping facilities, **mobile trading 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.



*Article 380 part 3
point 11*

Recognized as invalid.

In case of cash settlements (including advance payments, instalments) made in cash by organisations and individual entrepreneurs, the use of cash register machines shall not be mandatory for the following types of activities:

making distance sales through means of communication ensuring electronic communication or through teleshops.

Supplement Article 380.1 of the Code as follows

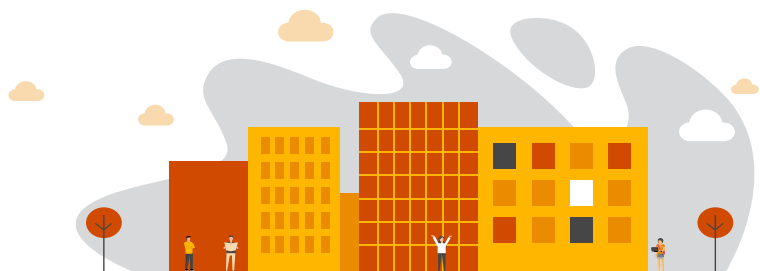
*Article 380.1. Use of
electronic cash registers*

1. An electronic cash register machine can be used for orders received by organisations and individual entrepreneurs through a website or an electronic application (e-commerce platform) for transactions in the supply of goods, provision of services or performing of works.
2. An electronic cash register is a software that enables you to generate an electronic receipt of the electronic cash register machine for the supply of goods, provision of services or performing of works transactions through a website or electronic application (e-commerce platform).
3. The electronic receipt shall be submitted to the electronic management system of the tax authority by electronically transmitting the information specified in part 4 of this Article, receiving the fiscal number electronically from the electronic management system of the tax authority and by reflecting the mandatory data to be printed on the electronic receipt of the electronic cash register machine.
4. The technical requirements for electronic cash register machines, their registration, deregistration, mandatory requirements for the electronic receipt provided through them as well as the requirements for the website or electronic application (e-commerce platform) shall be established by the Government. The exchange of information between the electronic cash register machine and the electronic tax management system of the tax authority is carried out at a special rate 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 lead to the liability prescribed by the Code.

Supplements and amendments to Article 381 of the Code

*Article 381 part 2
(supplements)*

The cash register machine shall be placed on the side of shopping facility, **mobile trading point**, sale outlet in trading venue, the place of performance of work or place of provision of service, where payment is made. **For organisations and individual entrepreneurs carrying out retail trade or providing public services by means of mobile trading points, as well as in cases provided for in Article 56 part 8.1 of the Code, it is obligatory to print in cash register receipt (except for a “prepaid” receipt) issues prescribed by part 3 points 8 and 9 of this Article: product name, product position, service name and the code, quantity of the purchased product, its unit of measurement regardless of the procedure and terms established by the Government.**



Article 381 part 3 point 3 (supplements)

The following information (data) must be printed on the cash register receipt:

- the address of the place of use of the cash register machine and **in case of retail trade through mobile trading points the address of the place (registration) of the organisation (individual entrepreneur), the registration number of the car (or) its attachment (semi-trailer).**

Article 381 part 3 point 6 restate as follows

The following information (data) must be printed on the cash register receipt:

- the second, minute, hour, day, month, year of printing the receipt and in case of using an external (commercial) program, the second, minute, hour, day, month, year generated by the cash register machine.

Article 381 part 3 supplement point 17 as follows

The following information (data) must be printed on the cash register receipt:

- the fiscal number generated by the algorithm approved by the tax authority - 8 digits (except for return receipts).

Supplements to Article 384 of the Code

Article 384 part 1 point 1

The activity of organisations or individual entrepreneurs using cash register machines shall be suspended in case there are grounds prescribed by this part, except for the cases prescribed by part 2 of this Article. The following shall serve as a ground for suspension of the activity:

- repeating the same violation within one year after recording the violation at the organisation or individual entrepreneur for the absence of the cash register machine registered with the tax authority at the address of that place **or at mobile trading point** or for the non-registration of the cash register machine with the tax authority at the address of that place **or for mobile trading point** at the moment and on the site of making cash settlements in cash or by means of payment cards or other payment instruments based on payment cards or payment technologies. The activity shall be suspended at the place of activity or **at mobile trading point** referred to in this point until the existence of the cash register machine registered with the tax authority at the address of that place **or for mobile trading point** is ensured in the prescribed manner.

Article 384 part 4 point 2

The following shall be mentioned in the decision on suspension of the activity:

- address of the place of activity subject to suspension and **in case of retail trade through mobile trading points the registration number of the vehicle and (or) the trailer (semi-trailer) of the mobile trading point.**



Article 384 part 7

Suspension of the activity shall be carried out by the officials of the tax authority by sealing, lead-sealing, stamping, applying digital, graphic or other means of stamping to the entry (entries) or all other possible routes to the territory of the place of activity **or mobile trading point** subject to suspension that must exclude the possibility of entering or attempting to enter the territory of activity **or mobile trading point** subject to suspension without damaging the means applied. The means specified in this part may be changed or removed only by the tax authority or written permission of the tax authority.

Article 384 part 8

The tax authority shall post the excerpt of the decision of the tax authority on suspension of the activity at the entry of the place of activity subject to suspension, in a place visible for customers and clients, **in case of mobile trading point, on the car and (or) on its trailer (semi-trailer)**, and in case of suspension of activities of buying and selling foreign currency - the tax authority shall inform thereof the Central Bank of the Republic of Armenia within three working days upon adopting the decision by the tax authority.

Amendments to Article 416 of the Code

Article 416 part 1

In cases prescribed by Article 380 part 1 of the Code a penalty shall be imposed on an organisation, individual entrepreneur or a notary for the absence - at the moment and at the place or **at mobile trading point** of making cash settlements in cash or by means of payment cards or other payment instruments based on payment cards or 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 **for mobile trading point** or for non-registration with the tax authority of a cash register machine at the address of that place or **at mobile trading point** which meets the technical requirements:

1. in the amount of AMD 300 000, except for case prescribed by point 2 of this part,
2. in the amount of AMD 1 million, with respect to activities of public catering.

Article 416 part 2 point 1

In case of repeating the violation prescribed by part 1 of this Article within one year after it has been recorded by the tax authority, an organisation, individual entrepreneur or a notary shall pay a penalty:

- in the amount of AMD 600 000, and the activities of the organisation or individual entrepreneur shall be suspended at that place and **in case of retail trade through mobile trading points at mobile trading point** with that respect until availability of a cash register machine registered, as prescribed, with the tax authority at the address of that place, **or for the mobile trading points** with respect to the activities.

Article 416 part 4 point 1

In case of repeating the violation prescribed by part 3 of this Article for the first time within one year after it has been recorded by the tax authority, an organisation, individual entrepreneur or a notary shall be penalised:

- in the amount of 0.7 percent of the turnover recorded by cash register machines installed in the place of carrying out the given activities (trading facility **or mobile trading point** or place of providing a service) during the previous quarter, but not less than AMD 300 000, except for case prescribed by point 2 of this part, and the activities of the organisation or individual entrepreneur shall be suspended in the given place and with that respect for five days.



Article 416 part 5 point 1

In case of repeating the violation prescribed by part 3 of this Article for the second time and further on within one year after it has been recorded by the tax authority, an organisation, individual entrepreneur or a notary shall be penalised:

- in the amount of 0.7 percent of the turnover recorded by cash register machines installed in the place of carrying out the given activities (trading facility **or mobile trading point** or place of providing a service) during the previous quarter but not less than AMD 600 000, except for case prescribed by point 2 of this part, and the activities of the organisation or individual entrepreneur shall be suspended in the given place and with that respect for ten days.

Article 416 part 8

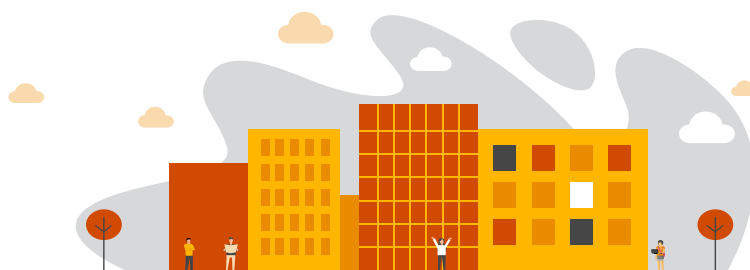
In cases prescribed by parts 4 and 5 of this Article, suspension of activities of a taxpayer may be replaced with payment of a penalty in case the taxpayer submits the written application and when paying the penalty being calculated in the amount prescribed by this part. The penalty shall be paid for each day of failure to apply the suspension in the amount of 0.7 percent of the average daily turnover recorded by all cash register machines installed in the place of carrying out the given activities (trading facility **or mobile trading point** or place of providing a service) during the previous quarter, but not less than AMD 60 000. The day following the date of submitting the application shall be deemed the day of recording the amount of penalty. In case of submitting an application before the suspension of activities, the penalty prescribed by this part shall be paid for the consecutive days after suspension of activities mentioned in the application. In case of submitting an application during the suspension, the penalty prescribed by this part shall be paid for each day starting from the day following the date of submission of the application until the end of the suspension. In case of submitting an application during the period of suspension, the suspension shall be terminated from the day following the submission of the application. No verified application shall be submitted before the suspension of activities or during the suspension, and it shall not be accepted by the tax authority if submitted. The form of the application prescribed by this part shall be determined by the tax authority.

Article 416 part 9

In cases prescribed by parts 4 and 5 of this Article, the turnover recorded during the previous quarter by cash register machines installed in the places of carrying out activities (trade facilities **or mobile trading points** or places of providing a service), with respect whereto violations have been recorded, shall be taken as grounds when calculating the amount of the penalty.

Article 416 part 11

An announcement on the grounds for suspension of activities shall be posted in a place visible to buyers and customers, **in case of mobile trading points - on the car and (or) on its trailer (semi-trailer).**





Let's talk

For a deeper discussion of how this issue might affect your business, please contact us at PwC Armenia

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