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## Amendments to the Tax Code of the RA (come into force on 1 March 2020)

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### **VAT exempt transactions and operations**

#### *Article 64 point 2*

The following transactions and operations prescribed by Article 60 of the Code shall be exempt from VAT:

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 persons:

- provision of investment services prescribed in Article 25 of the Law of the RA “On Securities Market”, except for provision of consulting services to clients related to investments in securities and derivative financial instruments,
- provision of non-core services provided for by Article 26 of the Law of the RA “On Securities Market”, except for consulting and other services related to company restructuring, as well as consulting services to companies on capital structure, corporate strategy issues,
- the organisation of trade in securities and derivative financial instruments by the regulated market operator (only for commission fees for transactions), as well as provisions of services of clearing (settlement) of mutual liabilities (claims) arising out of concluded transactions,
- provision by the Central Depository of securities custody, registry maintenance, clearing and settlement services, as well as other services (other than consulting services) permitted to the Central Depository by law of the Central Bank of the RA; including the provision of such services by a member of the securities settlement system,
- provision of double quotation securities as market maker.

### **Exemption from the payment of profit tax**

#### *Article 126*

5.1 Non-resident profit taxpayers shall be exempt from paying profit tax:

- for incomes derived in the form of dividends received from shares listed on the Stock Exchange operating in the Republic of Armenia, as well as from the

alienation of such shares, exchange with other securities or other such transactions;

- for incomes derived in the form of interest on discounts or redemption of bonds listed on the Stock Exchange of the Republic of Armenia, as well as income from alienation of such bonds, exchange with other securities or other such transactions;
- for incomes derived in respect of loan provided to a resident legal entities, provided that the loan has been fully financed by the placement of bonds issued on equivalent terms and is a means of securing such bonds, and such bonds shall be admitted to trading in the regulated market in the Republic of Armenia.

***Incomes derived from securities***

*Article 149 point 1*

- 4) Unless otherwise specified in this Article, the deductible income for the purpose of determining the tax base shall also be the income from shares, bonds or other securities listed on the Stock Exchange of the Republic of Armenia, except for bonds issued by banks whose maturity is two years from the date of placement until maturity.

*Article 149 point 2*

- For the purpose of determining the tax base, the incomes prescribed by part 1 of this Article shall not be considered deducted incomes if received as a dividend, except for the dividends received from shares listed on the Stock Exchange of the Republic of Armenia.

***Income tax rate***

*Article 150 point 8*

- The income tax on dividends shall be calculated at a 5 percent rate, considering the deductions provided by the Article 149.



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**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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