



Tax legislative update

January 2023



Dear colleagues,

It is our pleasure to welcome you to PwC Armenia first tax legislative update for the new 2023 tax year. 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.



Amendment to the law “On Minimum Monthly Wage”

On 22 December 2022 the law of the Republic of Armenia (RA) № HO-501-N on the amendments to the Law "On Minimum Monthly Wage" was published. From January 2023 the minimum wage and the minimum amount of hourly rate for employees have increased compared to the previous years.

Amendment to the Labor Code

On 22 December 2022 the law of the RA № HO-502-N amending Article 179 part 1 of the Labor Code was published. According to the amendment the amount of the minimum salary does not include taxes paid from the salary including social or other mandatory payments defined by law, bonuses, rewards and other additional payments.

Amendments in the Tax Code (hereinafter TC) of the RA: Microentrepreneurial system

On 16 December 2022 the law of the RA № HO-450-N amending the articles concerning Microentrepreneurial system was officially published. According to the Article 113 of TC RA, when determining the tax base of a resident taxpayer and a non-resident taxpayer operating in the RA through a permanent establishment, the costs incurred under transactions with micro-entrepreneurs are not deductible for CIT purposes from January 2023.

Also, from July 2023, micro-entrepreneurs should start acting as tax agents with respect to payments to their personnel.



Amendments in the TC of the RA: Excise tax

On 16 December 2022 the law of the RA № HO-454-N amending the articles on the reimbursement of excise tax under export of certain goods was published. According to the Article 101 part 3 of TC RA, the amount of excise tax paid upon importation of goods should be reimbursed in case of subsequent export of the same goods.

Also, from January 2023, the rule on stamping defined in part 6, Article 394 of TC RA does not apply to specific goods imported to RA.

Amendments in the TC of the RA: № HO-517-N

On 23 December 2022 the law of the RA № HO-517-N amending several articles in TC RA was published. The following amendments have been made:

- additional regulations on application of tax benefits provided by the international treaties may be introduced by the Government, at this stage such potential additional regulations remain uncertain;
- the list of products subject to stamping based on the international agreements will be approved by the Government;
- certain additional elements is now considered as transportation service not subject to VAT;
- a definition of products considered as cigarettes is expanded.

Amendments to the Law on the list of products not subject to VAT upon importation (the Law)

On 23 December 2022 the law of the RA № HO-518-N amending the Law was published. Several codes with the specific products were added/removed to/from the list of products imported by organizations and individuals, import of which is exempt from value added tax.



Amendments in the TC of the RA: Atmospheric Air Pollution

On 23 December 2022 the law of the RA № HO-523-N amending several articles in TC RA was published. The change has been made in Article 166 Part 1 Clause 1 of the TC RA regarding the environmental tax base and the application of the tax rates.

Amendments in the Code of Administrative Offenses (hereinafter the Code) of the RA

On 23 December 2022 the law of the RA № HO-535-N amending several articles in the Code was published. The change was made in Article 158 part 43 of the Code regarding the amount of fine in case not having proper visibility of the QR code on goods.

Supplements and amendments in the TC of the RA: № HO-538-N

On 23 December 2022 the law of the RA № HO-583-N amending several articles in TC RA was officially published. The amendments and supplements have been made regarding the income received from the alienation of residential house, buildings or other premises (excluding non-residential premises that are common shared ownership) by an individual considered as a developer to an individual who is not an individual entrepreneur or a notary (came into force from January 2023).



Supplements and amendments in the TC of the RA: Social expenses

On 29 December 2022 the law of the RA № HO-593-N on supplements and amendments in the TC RA articles on including social expenses in calculation of personal income tax was published (in force from 1 January 2023).

The definition of social expenses (Article 147.1 of the TC RA) and the reimbursement procedures of social expenses have been supplemented.

Supplements and amendments in the TC of the RA: Incomes of individuals

Under the law № HO-593-N the tax agent should prepare and submit information about the incomes of individuals up to March 1 of each following tax year. According to Article 156.5 of the TC RA, tax agents should submit to the tax authority information in accordance with Article 53 of the TC regarding individual's passive income, as well as incomes of foreign citizens or stateless persons, who do not have the right of residence in the RA.

Supplements and amendments in the TC of the RA: e- Commerce

On 29 December 2022 the law of the RA № HO-595-N on supplements and amendments in the TC concerning legal regulations of electronic commerce of goods was officially published, which is in force starting from 1 January 2023. In Article 4.1 of the Tax Code the terms e-commerce platform and e-commerce of goods have been added. In addition, the procedure of determination of tax base for supply of goods within the framework of e-commerce, and the place of supply of goods to be considered the Republic of Armenia have been described.



Supplements in the Government Decree № 1261-N of October 5, 2017

On 15 December 2022 the Decision № 1928-N on the supplement in the Decision № 1261-N of October 5, 2017 on “Establishing the procedure for documentation of qualitative, accidental, technological and other losses of property deductible from gross income, when determining the tax base” (the Decision) was published. Supplements regarding the definitions of qualitative losses and defective goods have been made.

Supplements in the Government Decision № 1976-N of December 3, 2020

On 22 December 2022 the Decision № 2038-N supplementing the Decision № 1976-N of December 3, 2020 was published, according to which taxpayers with turnover above 24 mln AMD should print details (the name and product position of the product, the name and code of the work or service, as well as the quantity of the purchased product and its unit of measurement) related to the transaction on the cash register receipt.

Amendments in the Order № 300-N of the Chairman of the State Revenue Committee of December 30, 2016

On 19 December 2022 the Order № 1320-N amending the Order № 300-N of December 30, 2016 on “Approving the monthly (simplified) income tax and social payment, annual income tax and social payment calculations, information and reference forms and their filling procedures“ was published. In the income tax and social contribution monthly calculation form approved by Annex N 1 several amendments in regard to filling procedures of the corresponding form have been made which are in line with last amendments and supplements of TC.

Contact us

To discuss how these changes might affect your business, please contact us at PwC Armenia

Alexey Rusanov

Director

E-mail: alexey.n.rusanov@pwc.com

Tel: + 374 99 93 20 65

Asanet Aloyan

Senior Manager / Tax & Legal LoS

E-mail: asanet.aloyan@pwc.com

Tel: +374 93 27 41 58



© 2023 PwC Armenia LLC. All rights reserved. In this document, PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.