

# Tax & Legal Alert

Armenia • Issue 03/2010 • 16 June 2010

## New tax developments

This Alert discusses the following:

- Potential new municipal taxes.
- Model charter and resolution for registration of commercial organisations.
- Tax developments for organisers of gambling houses and some other activities.
- The requirement to use metres is removed.

For more information, please contact one of the individuals identified below.



## Contacts:

**Paul Cooper**  
Senior Manager, Tax & Legal Services  
E-mail: paul.cooper@am.pwc.com

**Davit Harutyunyan**  
Senior Consultant, Tax & Legal Services  
E-mail: davit.harutyunyan@am.pwc.com

**Nerses Nersisyan**  
Senior Consultant, Tax & Legal Services  
E-mail: nerses.nersisyan@am.pwc.com

PricewaterhouseCoopers Armenia  
Business Centre NORD, 5<sup>th</sup> floor  
#1 Northern Ave., Yerevan  
Tel: + 374 10 592150  
www.pwc.com/am

This Tax & Legal Alert is produced by PricewaterhouseCoopers' tax and legal services department.

## Framework for introducing municipal taxes

The Law on Taxes has been amended to allow the introduction of hotel tax and parking tax. Unlike land and property tax, which are mandatory taxes, local municipalities may decide whether to impose the new taxes.

Before the new taxes could apply, Parliament would need to enact separate laws empowering local municipalities to impose tax. The laws would need to define the minimum and maximum thresholds for tax, and community councillors would establish rates within those limits.

The new taxes could only apply from the beginning of the year after laws on each tax are enacted and published.

Law No. HO-25-N, adopted 27 April 2010, published in Official Journal No.22 (756)

## Model charter and founder resolution for registering commercial organisations

Under the Law on Registration of Legal Entities, the founders may ask the Registrar to provide model registration documents. In that case, the registration will be completed within two business days. Otherwise, the normal registration period is five business days.

The Minister of Justice published an Order in May 2010 defining the templates for model documents. The model documents consist of the charter and founder's resolution for limited liability companies, companies with supplementary liability, joint stock companies, cooperatives and general partnerships.

This is an important step to simplify the administrative burden for new businesses. It is expected that this will also improve Armenia's position in the Doing Business ranking next year.

Order No. 66-N, dated 3 May 2010, published in Official Journal No.12 (364)

## Tax & Legal Alert

Armenia • Issue 03/2010 • 16 June 2010

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2010 PricewaterhouseCoopers Central Asia & Caucasus B.V., Armenian Branch. All rights reserved.  
"PricewaterhouseCoopers" refers to PricewaterhouseCoopers Central Asia & Caucasus B.V., Armenian Branch or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

### Taxation of gambling houses, gaming machines and internet gambling

From 1 January 2013, the organisation of gambling houses (casinos), exploitation of gaming machines and the operation of internet gambling will be subject to state duties. The duties will be calculated based on the location where activities take place and the number of gaming machines or gaming tables. At the same time, the activities will no longer be subject to presumptive taxation, and will also be exempt from corporate profit tax and value added tax.

Generally, gambling activities after January 2013 may only be operated in the Kotayk (Tsakhkadzor district), Gegharkunik (Sevan district) and Vayots Dzor (Jermuk district) marzes, or in the Zvartnots airport or Yerevan free economic zones. This will require some existing operators to relocate.

Official Journal No.22 (756), dated 26 May 2010

### The requirement to use metres is removed

Under Articles 20 and 28.6 of the Law on Taxes, taxpayers were required to use metres to measure their production volumes for juice, water (natural, mineral or carbonated) and malt beer. The metering requirement has been removed.

Official Journal No.21 (755), dated 19 May 2010

#### Numbered VAT invoices delayed

As discussed in our Tax & Legal Alert 01/2010 dated 4 February 2010, Parliament enacted new VAT invoice rules that were to take effect from 1 July 2010, following the publication of implementing rules.

In Decree No. 552-N, dated 13 May 2010, the government confirmed that the new VAT invoice rules will apply only when the implementing rules are established. The Decree did not indicate when the rules are likely to be drafted.